THE
TICKER
AND
INVESTMENT DIGEST

Investment: The placing of capital in a more or less permanent way, mainly for the income to be derived therefrom. | Speculation: Operations wherein intelligent foresight is employed for the purpose of deriving a profit from price changes.

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What Makes the Market?

Article III—Expansion and Contraction of Credit as Affecting Stock Prices

By G. C. SELDEN

IN the two preceding articles we have taken up the influence of the trade cycle on prices—really a psychological phenomenon, if you go to the bottom of it—and the effect of increased gold production—which really means an increase in the money base upon which the inverted pyramid of credit may be erected. We thus arrive in natural course at the study of credit conditions as affecting the stock market.

To estimate the effect of the expansion and contraction of credit on stock prices, we must first arrive at some approximate measure of credit. Of course it is not possible to measure credit exactly, as it may be extended by all kinds of banks and trust companies, by private bankers, or by individuals.

The broadest indication we have of the condition of credit is found in the statements of all the national banks in the United States as reported to the Comptroller of Currency at Washington whenever he calls for them—usually five times a year. State banks and trust companies operate under the same general condition as the national banks, so that an extension of credits by one class of institutions all over the country is practically certain to be accompanied by a similar increase among the others. Likewise private bankers and private individuals, although not subject to the same restrictions in regard to cash reserves as the banks, find it impossible to enlarge their credits to any important extent when the banks are contracting, and have no inducement to contract when the banks are expanding.

The condition of all national banks, therefore, now numbering about 7,200 and having aggregate resources of nearly $10,000,000,000, is a pretty reliable index of the state of credit.

Next, what is the clearest way to

present a bird's-eye view of the expansion and contraction of credit, as shown in the reports of the Comptroller?

A FEW FUNDAMENTAL PRINCIPLES

A bank is a broker in credits. It exists primarily for the purpose of accepting deposits. To insure the repayment of these deposits when called for, the bank is required to keep on hand a certain per cent. of its deposits in cash. It is then free to loan out these deposits on satisfactory security. There are, then, three elements in the situation: deposits, cash reserves, and loans.

The cash reserve must not be less than a certain fixed proportion to deposits, and this fact also places a rough limit on loans; for each loan increases the general supply of credit, and this credit soon turns up somewhere else in the form of a deposit. Thus the growth of loans is ordinarily accompanied by a growth of deposits, and the growth of deposits is limited by cash reserves.

But this relation between deposits and loans is a very elastic one. The bank may loan not only its deposits but also, if it desires, a part of its capital, surplus, undivided profits, and its issue of currency. Hence in a time of great activity, loans will forge ahead of deposits, and when the contraction comes, loans will fall faster than deposits.

Phrases commonly met in the newspapers are "the over-extension of loans," "an over-extended banking position," etc. These phrases are misleading. The safety of a bank is indicated by the proportion of its cash reserve to its deposits. Can it pay on demand? That is the important question. Of course a loan on insufficient collateral or to a person whose credit was poor would endanger the bank just as any other mismanagement would. But the mere expansion of well-secured loans does not endanger the bank. On the contrary, it is good and profitable banking.

The danger from "over-extension of loans" arises from the opposite side—that of the borrower. When loans increase much more than deposits, it shows that the business men of the country are increasing their current liabilities as compared with their quick assets. Such a condition is unhealthy and cannot proceed very far without resulting in embarrassments and failures.

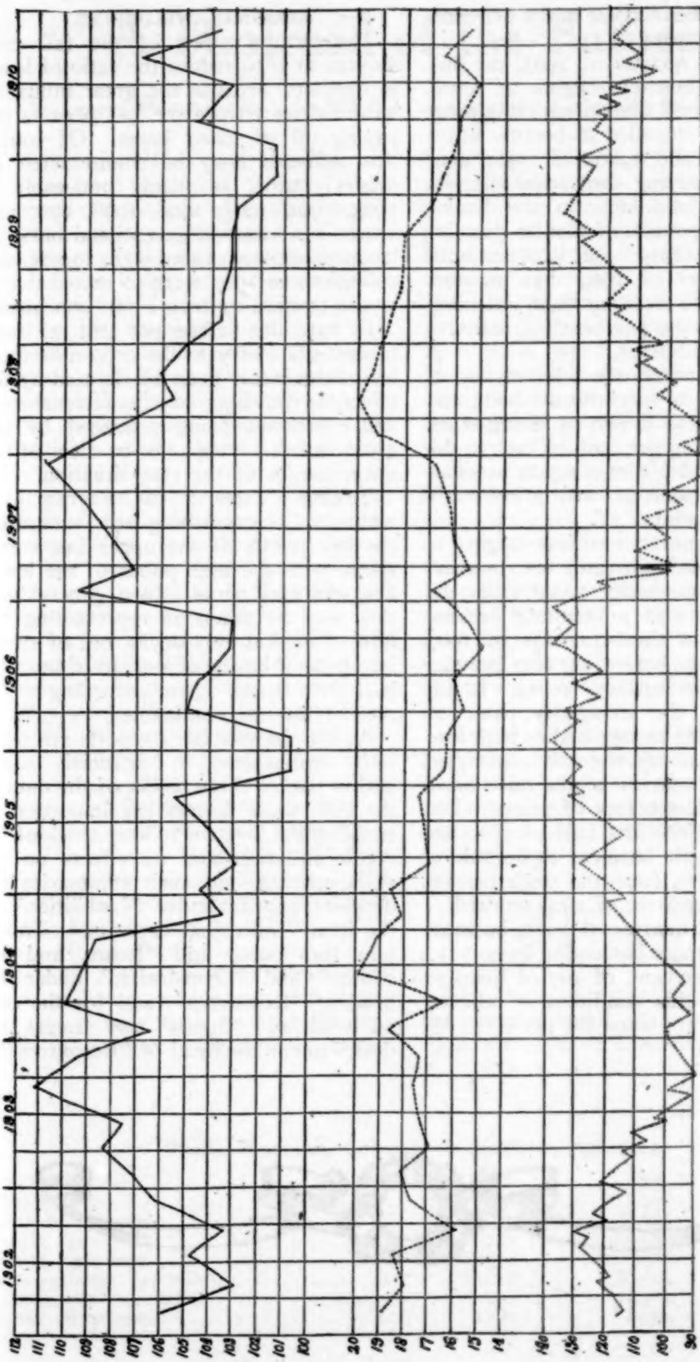
We need, then, to study the relation between deposits on the one side, and cash reserve and loans on the other. In the diagram, covering the years 1902 to 1910, the upper line represents the per cent. of loans to deposits of all national banks, the middle line shows the per cent. of cash to deposits, and the lower line shows the average price of twenty standard railroad stocks.

THE STORY TOLD BY THE DIAGRAM.

An examination of the diagram shows the regular recurrence of three phases, in the same order in each case: (1) sharp increase in cash reserves; (2) rising stock market; (3) falling stock market and rising loans.

The philosophy of it is as follows: (1) Owing to dulness both in the stock market and in general business, unused cash accumulates in bank vaults. (2) Money, still lacking full employment in general business, finds its way first into high-grade bonds. Investors are glad of even the small income thus obtained, with safety. This gradually starts speculation for the rise, which extends into the stock market, and results in high prices. (3) With improvement in general business, money finds more remunerative use and is gradually withdrawn from the stock market, causing a decline in prices. The bull movement, which began in bonds and passed next into the stock market, now extends into general business, with rising prices for commodities. This increased business requires increased loans. When commodity prices stop rising, profits grow smaller, and business men are obliged to borrow. This results in a still further increase of loans. Finally comes the bear movement in general business, with contraction of trade, increased commercial failures and gradual reduction of loans.

Starting in 1902, we find ourselves with a big bull stock market and general business good. The profits to be gained in business are greater than can be obtained by purchasing stocks at the relatively high prices. This draws capital away from the stock market and into general business as is shown by the fall



Banking Conditions and Stock Prices, 1902-1910.

—— Per cent. of Loans to Deposits, All U. S. National Banks.

- - - - Per cent. of Cash to Deposits, All U. S. National Banks.

.... Average Price of 20 Standard Railroad Stocks.

in stocks and the increase in the per cent. of loans to deposits.

In the third quarter of 1903, the bull movement in business begins to wane. Business men find their profits lessening, and they are compelled to borrow heavily. In the second quarter of 1904, general business having contracted sharply, idle money accumulates in the banks, bringing the per cent. of cash to deposits up to nearly twenty. But it is not until the last quarter of 1904 that business men are able to clear up their indebtedness, bringing the per cent. of loans to deposits back to 103.5.

In the meantime the idle money is slowly finding its way into the bond and stock markets, as shown by rising stock prices and falling per cent. of cash to deposits. General business again becomes active and prosperous, with a low ratio of loans to deposits.

In 1907 general business begins to "boom" and the high rates for commercial loans draw money away from the stock market, with a resulting decline. During the last three-quarters of 1907 business men are borrowing very heavily.

The check to business activity is administered by the stringency panic of November. Idle money rushes back into the banks, loans are violently contracted and the stock market begins once more to build up its structure of prices. The year 1909 and the first half of 1910 are prosperous, with business again taking the money away from the stock market from the last quarter of 1909 onward.

In the third quarter of 1910, business men are once more borrowing heavily, as shown by a per cent. of 107 of loans to deposits; but this condition is relieved by November 10, when the per cent. declines to 103.6.

SEASONAL INFLUENCES.

The natural effect of the fall crop movement is to reduce the ratio of loans to deposits, because the great influx of wealth drawn from the soil permits the paying off of many loans. Of course this influence may be counteracted by others; but it is plainly noticeable in 1903, 1904, 1905, 1906, 1908, 1909 and 1910. In 1902 an exceptional burst of business activity caused loans to rise, and conditions in 1907 were so mixed that it would be hard to draw a fair conclusion.

In 1910 this falling per cent. of loans to deposits owing to the crop movement has undoubtedly been accelerated by the effect on business of the retrenchment and economies being practiced by the great railroad companies in view of the uncertainties of the rate situation.

Taking a view of the diagram as a whole, it is astonishing how accurately the low points of the upper line correspond with the high points of the lower line and *vice versa.* In a general way this may be taken as representing the flow of capital into stocks, out of stocks into general business, and out of business back into stocks again, according to the rate of interest obtainable.

As the Comptroller's reports are regularly summarized in financial papers within two or three weeks of the date of the call, these figures are important in enabling the investor to keep track of the credit situation and its effects on the stock market. In such summaries the deposits appear under "Liabilities," as the item "Individual deposits." To obtain the loans, add "Loans and discounts" and "Overdrafts," under the head of "Resources"; and for the cash on hand, add "Specie" and "Legal tenders," under the head of "Resources."

A Railroad of the Future.

The Great Possibilities which Open out Before Colorado & Southern.

JAMES J. HILL and the interests associated with him showed their usual perspicacity when they bought, through the Burlington System, $23,657,000 of the $31,000,000 common stock of the Colorado & Southern Ry.

West of the Mississippi River, transportation lines have developed from East to West. To connect Chicago, St. Louis, Memphis and New Orleans with the Northwest, the Canadian Northwest, the prairie states, the Southwest, the Mountains and the Pacific Coast—this has been the object of railroad building.

East of the Mississippi, North and South business, while much less than East and West, is nevertheless important. The Atlantic Coast Line, Southern Railway, Louisville & Nashville and Illinois Central are developing into systems which will bear comparison with the great East and West trunk lines.

There can be no question that an increasing proportion of business from Colorado, Kansas, Oklahoma and the Texas Panhandle will seek the Gulf ports instead of the overland route. The Colorado & Southern has almost a monopoly on such business from Colorado, Wyoming, Northwestern New Mexico and the Panhandle. It is the through line from Denver, Colorado Springs and Pueblo to Dallas, Fort Worth, Houston and Galveston.

Since the Hill interests purchased control of the road, newspaper and magazine writers have been running through trains at frequent intervals between Seattle and Galveston. It seems reasonable enough that eventually such a through line may be hitched up by the building of the necessary connections, but it is our guess that this will be some time in the future. Traffic from the State of Washington to Texas is not yet important, and the Panama Canal will open up a much better route for the Far Northwest through Seattle to Europe, than could ever be obtained over the long and mountainous haul to Houston or Galveston.

The local business of the Colorado & Southern, however, has shown a rapid increase during the last few years. The best part of this increase has been obtained from the link from Denver to Fort Worth through Southern Colorado and the Panhandle. Population has been growing in this region, large land holdings have been broken up and sold to farmers and a row of thriving little cities have sprung up.

In the handling of this increased business, Hill's methods have shown their effect in the increasing train-load, and the reduced percentage of operating cost. The ratio of expenses to gross earnings was

68.7 per cent. in 1907,
66.8 per cent. in 1908,
67.7 per cent. in 1909,
64.7 per cent. in 1910.

The most important figures showing the comparison of 1910 with 1909 and 1900, are given in the table herewith:

Traffic Statistics, Colorado & Southern, 1900-1910.

	1900.	1909.	1910.
Mileage	1,142	1,980	2,042
Passenger density	23,732	76,664	78,296
Freight density	226,745	501,966	611,846
Freight train load	156 tons	270 tons	306 tons
Gross earnings. per mile	$3,712	$7,618	$8,216
Maintenance, per mile	996	2,315	2,306
Earned on common	0.5%	4.9%	7.3%

It will be noticed that the mileage operated has nearly doubled in the ten years and in the same time the gross earnings per mile have more than doubled. This is an excellent record, as it is not always that the addition of branch lines produces so immediate and satisfactory a result. The trainload also has doubled. It does not yet equal that of the parent road, the Burlington, which was 382 tons in 1909, but it does show economy of operation in view of the character of the country traversed.

The good showing made in the twelve months ended June 30th was not due to any retrenchment in the maintenance of way or equipment, the amounts expended in this direction being approximately the same as the record figures of 1909, or $2,300 per mile.

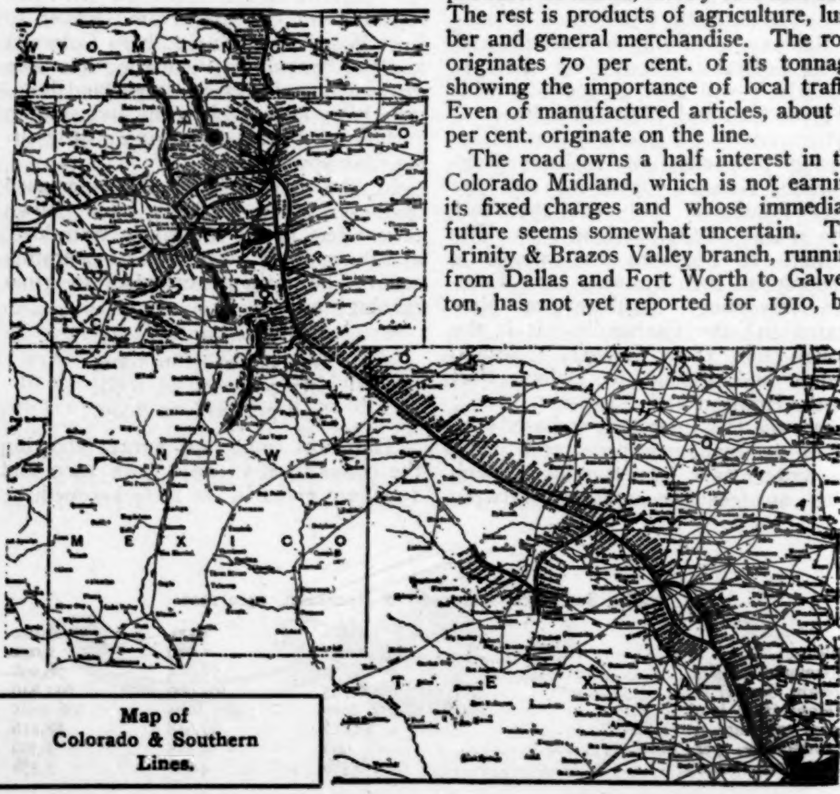
Another interesting fact is that the earnings on the common stock did not fall off during the dull business of 1908, as they did on nearly all the railways of the country. Gross earnings and per cent. earned on the stock during this period were as follows:

Year.	Gross.	Earnings.
1910	$16,777,981	7.3%
1909	15,080,412	4.9%
1908	14,280,535	4.8%
1907	13,456,489	4.5%
1906	11,653,446	3.5%

This shows an average yearly gain of nearly 1 per cent. in the amount earned on the common stock. The reason there was no falling off in 1908 was that population and capital were pouring into Northern Texas at an unprecedented rate. This business sufficed to hold up the average earnings of the road.

About 60 per cent. of the tonnage of Colorado & Southern is composed of products of mines, mostly coal and coke. The rest is products of agriculture, lumber and general merchandise. The road originates 70 per cent. of its tonnage, showing the importance of local traffic. Even of manufactured articles, about 60 per cent. originate on the line.

The road owns a half interest in the Colorado Midland, which is not earning its fixed charges and whose immediate future seems somewhat uncertain. The Trinity & Brazos Valley branch, running from Dallas and Fort Worth to Galveston, has not yet reported for 1910, but



Map of Colorado & Southern Lines.

undoubtedly has failed to make any profits. It is in a section where competition is active, but it unquestionably has a future as business continues to develop in Northern Texas. These small losses, however, are more than overbalanced by the profits of the main system.

It is the way of the world not to see things until they are thrust violently upon its attention. As a rule, investors do not wake up to changed conditions affecting a property until the price of the stock has fully discounted the conditions. It is but a few years ago that Union Pacific was in the hands of a receiver, and Atchison was described as "a streak of rust across the desert."

The investor who would profit from his foresight must seek for the roads which are growing. The growth may be in the population of the territory served, or in the better methods of handling the business, or, as in the case of Colorado & Southern, in both.

The Hill ownership is an important asset and it may be expected to grow more and more important as time passes. As the prospective Gulf outlet of Hill's gigantic Northwestern system of roads, Colorado & Southern appeals to the imagination; but as a steady money-maker on local traffic in a rapidly growing territory it appeals to the pocket-book.

IN the supremacy of self control consists one of the perfections of the ideal man. Not to be impulsive—not to be spurred hither and thither by each desire—but to be self restrained, self balanced, governed by the just decision of the feelings in council assembled.

Herbert Spencer.

Studies in Stock Speculation

By ROLLO TAPE

Author of "Studies in Tape Reading."

XV—The Length of Movements.

WE give below a record of the movements in Reading and United States Steel, taken from the figure charts of these two stocks during the period from October 1, 1909, to August 18, 1910. These figure charts do not of course represent the complete fluctuations. For example, when a stock fluctuates from 69⅛ to 71⅞—2¾ points in all—only two figures are recorded on the figure chart, namely, 70 and 71. A line chart would record these complete swings, but for the particular purpose we have in mind, the figure chart is simpler and better suited.

There is also this to be said in favor of the figure chart: The real unit in stock fluctuations is the full point; an eighth, quarter or half, represents a mere fractional part of the whole. Fractional changes do not have the same effect on sentiment as movements covering the full figures.

The figure chart of Reading shows the following full point moves (from one figure to another), during the period mentioned:

Figure Chart Moves in Reading, Oct. 1, 1909, to Aug. 18, 1910.

2 — 1 — 1 — 6 — 3 — 3 — 1 — 4 —
5 — 3 — 1 — 1 — 1 — 2 — 1 — 1 — 1
— 5 — 3 — 2 — 2 — 1 — 3 — 1 — 1
— 1 — 2 — 2 — 1 — 2 — 1 — 1 — 10
— 4 — 1 — 1 — 3 — 1 — 1 — 2 — 1
— 1 — 1 — 1 — 4 — 1 — 1 — 3 — 2
— 4 — 1 — 2 — 4 — 2 — 4 — 2 — 2
— 3 — 2 — 1 — 2 — 1 — 1 — 3 — 2
— 1 — 1 — 3 — 2 — 3 — 1 — 2 —
2 — 2 — 1 — 2 — 1 — 1 — 2 — 5 —
1 — 2 — 2 — 2 — 2 — 3 — 1 — 2 —
1 — 1 — 4 — 7 — 1 — 1 — 1 — 2
— 2 — 1 — 1 — 1 — 1 — 2 — 3 — 4 —
6 — 1 — 2 — 2 — 2 — 5 — 3 — 1 —
1 — 1 — 2 — 4 — 1 — 1 — 2 — 1 — 4
— 1 — 1 — 1 — 3 — 2 — 5 — 1 — 1
— 1 — 4 — 1 — 1 — 1 — 5 — 4 — 2
— 1 — 1 — 1 — 1 — 4 — 2 — 1 —
2 — 1 — 1 — 1 — 3 — 1 — 1 — 2 — 1
— 2 — 1 — 5 — 2 — 1 — 3 — 1 — 2
— 2 — 1 — 4 — 2 — 3 — 1 — 1 —
2 — 1 — 1 — 1 — 1 — 1 — 3 — 5 —
5 — 2 — 2 — 1 — 2 — 2 — 1 — 1 — 1
— 4 — 1 — 4 — 2 — 1 — 1 — 1 — 1
— 5 — 1 — 1 — 1 — 1 — 2 — 4 — 1
— 1 — 1 — 2 — 4 — 1 — 1 — 2 —
2 — 1 — 5 — 1 — 5 — 2 — 4 — 4 — 1
— 10 — 2 — 1 — 1 — 2 — 1 — 3 —
1 — 2 — 1 — 2 — 3 — 1 — 2 — 4 — 5
— 2 — 2 — 1 — 2 — 1 — 1 — 3 — 3
— 1 — 4 — 1 — 2 — 8 — 1 — 10 —
4 — 2 — 3 — 6 — 2 — 1 — 1 — 3 —
4 — 1 — 1 — 1 — 2 — 2 — 3 — 2 — 3
— 1 — 1 — 3 — 2 — 1 — 1 — 1 — 3
— 1 — 1 — 7 — 2 — 1 — 2 — 7 — 1
— 3 — 1 — 3 — 1 — 2 — 2 — 1 — 6
— 1 — 1 — 4 — 1 — 2 — 4 — 2 — 2
— 1 — 1 — 1 — 3 — 1 — 1 — 1 —
4 — 1 — 1 — 2 — 6 — 1 — 2 — 2 — 1.

We see at a glance that the one and two point moves predominate, and in spite of the fact that we frequently talk of 10 and 20 point moves, especially in an issue like Reading, there are only three 10 point moves during this period, which was one of great activity. By a movement of 1, 2, 3, or more points we mean, of course, a continuous movement. By tabulating these movements, we obtain the results shown herewith:

The most remarkable thing developed by this tabulation is the fact that 47.2 per cent.—nearly one-half—of these movements amount to only one point, and 25.8 per cent. amount to only two

Summary of Moves in Reading.

	Per cent. of Total moves.	Percentages Added	Total Points
148 1 point moves	47.2		148
81 2 " "	25.8	73.	162
32 3 " "	10.2	83.2	96
27 4 " "	8.9	92.1	108
13 5 " "			65
5 6 " "			30
3 7 " "	7.9	100.	21
1 8 " "			8
3 10 " "			30
313 moves		100.0	668

points. The total of one and two point moves is 73 per cent. or nearly three-quarters of the total number of moves!

This average may be regarded by some as unusual owing to the extreme activity of Reading, but upon analyzing the movements of United States Steel for the same period, a great similarity in the averages is noted. These movements are as follows

Figure Chart Moves in U. S. Steel, Oct. 1, 1909, to Aug. 18, 1910.

5 — 3 — 1 — 3 — 1 — 2 — 3 — 4 —
1 — 2 — 7 — 1 — 1 — 1 — 1 — 5 — 2
— 2 — 1 — 2 — 2 — 2 — 4 — 1 — 3
— 4 — 1 — 1 — 2 — 2 — 1 — 2 —
2 — 4 — 2 — 1 — 3 — 1 — 3 — 2 —
2 — 1 — 1 — 2 — 2 — 4 — 1 — 2 —
2 — 2 — 1 — 2 — 1 — 2 — 1 — 2 — 1
— 2 — 1 — 2 — 7 — 7 — 1 — 1 — 2
— 2 — 2 — 6 — 1 — 1 — 2 — 1 — 1 —
5 — 1 — 1 — 4 — 1 — 2 — 1 — 2 — 1
— 1 — 1 — 1 — 1 — 1 — 1 — 9 — 1
— 1 — 1 — 1 — 5 — 2 — 1 — 1 — 4
— 1 — 1 — 2 — 1 — 3 — 4 — 6 — 5
— 1 — 1 — 1 — 2 — 2 — 2 — 2 — 1
— 1 — 4 — 2 — 3 — 1 — 1 — 4 — 2 —
2 — 1 — 1 — 1 — 2 — 2 — 3 — 9 — 1
— 2 — 4 — 1 — 1 — 1 — 1 — 2 — 1
— 1 — 2 — 1 — 1 — 8 — 1 — 3 — 3
— 1 — 1 — 4 — 2 — 1 — 2 — 2 — 2
— 2 — 1 — 1 — 2 — 2 — 1 — 8 — 7
— 3 — 1 — 1 — 3 — 2 — 1 — 1 — 2 —
1 — 1 — 1 — 2 — 1 — 4 — 1.

This shows that the movements in Steel totaled only 381 points which is a little more than half as much as Reading, but the average number of one point moves is only 0.6 per cent. less than Reading, while the one and two point moves total 76.9 per cent. in Steel against 73. per cent. in Reading. The total points moved show that while Reading enjoys greater activity, the total of one and two point movements in both stocks is not very far from three-quarters of the whole.

In the 1, 3 and 3 point movements, we find Reading's to be 83.2 per cent. against Steel's 84.2 per cent.; including the four point moves, Reading shows 92.1 per cent. and Steel 91.5 per cent.

Summary of Moves in Steel.

	Per cent. of Total moves.	Percentages Added	Total Points
83 1 point moves	46.6		83
54 2 " "	30.3	76.9	108
13 3 " "	7.3	84.2	39
13 4 " "	7.3	91.5	52
5 5 " "			25
2 6 " "			12
4 7 " "	8.5	100.0	28
2 8 " "			16
2 9 " "			
178 moves		100.0	381

The law of averages must govern these movements to a certain extent in spite of the greater activity in Reading.

We do not see exactly how these figures can be adapted to any mechanical plan of operation, but they certainly teach a lesson to the active trader and it is this: When you buy a stock at a given full figure and it goes one point in your favor, the chances are about equal that it will come back to your buying point before going another point higher, and when it has reached two points above your purchase price, the chances are again about even that it will recede one point before going a third point in your favor.

When it has advanced three points the situation changes. The three point moves in Reading amount to 10.2 per cent. and the total movements of more than three points is 16.8 per cent. In Steel the three point movements are 7.3 per cent., and the moves of over three points total 15.8 per cent. It can be seen from these figures that when a stock has moved three points in a certain direction, the chances are *not* even that it will reverse one point or more; on the contrary, the chances are two to one that the movement *will* run more than three points. Averaging the two stocks, we find the figures to be as follows:

	Three point Moves.	More than three points
Reading	10.2	16.8
U. S. Steel	7.3	15.8
	2)17.5	2)32.6
Average of the two stocks ..	8.7	16.3

This proves that on the average there are nearly twice as many movements of *more* than three points as there are three point moves.

Perhaps some of my readers may turn these figures to practical use. I confess that I cannot point out anything more definite than the average chances as above stated.

One thing should be remembered: When we say that a stock will "recover one of these points" before proceeding further, we do not mean that it will come back to your purchase price, but that the movement which has started will be broken up by at least a one point reaction in a certain percentage of cases.

This should not encourage any one who has a certain loss in a stock to sit still and wait until the law of averages lifts him out. The figures merely show the percentage of chances of getting back at least part of the loss.

Of course, the further a stock travels in a given direction, the greater the percentage of chances are for a reaction. That is, having moved up five or six points, there is more likelihood of at least a one point reaction than if the original movement had been only two or three points.

This idea could no doubt be elaborated upon by the use of line charts which would give the exact movements including fractions, but it does not seem as if anything especially valuable could thus be obtained, owing to the fact that all the movements involving points and fractions would have to be averaged and calculations based upon these averages instead of upon fixed quantities as in the figure chart.

Profits in Bond Trading

Fluctuations in the Bond Market are Sufficient to Permit Large Profits

THERE is a considerable number of investors to whom a stock, no matter how good, always seems to include an element of uncertainty which the bond avoids. The stock shares in the profits of the business. If the business does not make any profits above expenses and fixed charges, then the stock receives no dividends and in time becomes practically worthless, or may be wiped out by a receivership.

The bond, however, is an agreement to pay a certain definite sum at a specified time. When that time comes, the company must pay over the money or go into bankruptcy. The owner of the bond, therefore, feels a sense of security greater than that felt by the owner of the stock.

Of course this refers to the bonds and stocks of the same company. It is to be remembered that a bond of one company may be less secure than the common stock of another company.

There is a large class of bonds on which risk is practically eliminated. There is never any doubt that the company will be able to pay the bonds at maturity. The owner of such a bond can sleep as soundly as though his money were tucked away in the strongest bank in the United States.

Yet these bonds have considerable fluctuations, owing to changing conditions in the money market. Atchison general 4s, for example, sold at 106 in 1905, 89½ in 1907, 102 in 1909, 97½ in 1910. Chesapeake & Ohio consolidated 5s sold at 123½ in 1900, 101 in 1907, 117 in 1909, 110½ in 1910.

There were excellent opportunities for profits in these fluctuations. The Chesapeake & Ohio 5s advanced 16 points in two years, 1907 to 1909. If the investor had succeeded in getting only ten points of this rise, he would have doubled his interest returns, and would have gotten 10 per cent. interest on a perfectly sound bond which was certain to return its full face value at maturity.

This transaction can hardly be called speculation, even in the most restricted sense of that word, for it eliminates the element of risk about as completely as it can be eliminated in human affairs. The price changes above mentioned were not due to any uncertainty in the outlook for the payment of the bonds, but were due solely to financial conditions which affected the money rate.

In convertible bonds the price changes are naturally greater. Erie convertible "A" bonds sold at 114 in 1905, 43 in 1908, 89¼ in 1909, 64 in 1910. Of course such bonds do not rank as high as the issues previously considered. It was the element of uncertainty as to the future of the Erie which caused the low prices.

A news item summarized some of the recent fluctuations in bonds as follows:

"Among income bonds the Georgia Central issues have offered opportunities for large profits in quick changes, while bonds like the St. Louis & San Fran. gen. lien 5s and Southern Railway development 5s fluctuate more or less constantly. Wabash extension 4s and Rock Island R. R. collateral 4s are other issues that have fluctuated as much as three points in one day and five points in less than two weeks. Seaboard adjustment 5s changed four points recently in about three months. Allis-Chalmers 5s and American Tobacco bonds have been up and down several points within a year past. All through the list this condition may be noted. The trader for points has opportunities in the bond market as surely as in the share market."

Live or Dead Motion.

A Distinction which the Student of the Market Must Bear in Mind.

By C. W. DUKE.

WHAT are you chasing in Wall Street, Live or Dead Motion? It is a vital question, and if you do not know you should. If the first, you are a Newton, a thinker; if the second, a mere trailer, a "sucker." If the first, you buy on the "dips"; if the second, on the "bulges"; and that, you at least know, makes a difference.

You would not think a man very wise if you found him constantly "bucking" the law of gravitation, instead of following it, would you? But, if he kept on fighting it without making any attempt to find out whether it *was* a law he was up against, you couldn't help but think that he was a poor student at least.

Have you stopped to think that this so-called "buying on the bulges and selling on the dips" is but a simple manifestation of one of the mightiest laws in the universe, the law of motion?

Look at this thing a minute; the old scientific division in the law of motion is Dynamic and Static. The new, philosophical division is Live and Dead. The difference, as applied to the stock market, is just this: What the universe is doing all about you that you *cannot now see,* is live motion. What it has done, and is now doing, that you *see and know* is dead motion, so far as you are concerned. What crops, business, money, politics, etc., will be next year, or twenty years hence, is now in the invisible making; that is live motion. What they are to-day, that you know, and it is dead motion.

What does this mean, in the last analysis? It means that buying on the bulges and selling on the dips is not an act peculiarly applicable to or characteristic of Wall Street, not a personal defect of your own judgment, but an infinite law of the universe characteristic of man's every breath of life.

The fact is, man is ever looking back to see ahead. It is an impossibility for man to see ahead in anything except by looking back. He cannot tell you that distance, that weight, that time, that estimate, that direction, or that chemical affinity until he goes back and gets his tape, his scale, his clock, his tables, his compass, or his formulas. That means that all his definitions, formulas, scales, dates, rules, are dead motion.

The best that we can do now in banking, government, commerce, politics, is to make a shrewd guess, to read between the lines, to peer and crane into the darkness ahead, waiting on the dead motion of the crop report, the dead motion of the clearinghouse returns, the dead motion of iron and steel reports, of exports and imports.

Man's only staff through life is dead motion. He cannot see to put exits on his theatres or school buildings, or inspection on his steamboats, railroads, banks and insurance companies, until the loss of life and treasure has frightfully shocked the community. Man cancannot see to-morrow till it becomes yesterday. He is forever shutting the stable door after the horse is stolen.

You have no right to hurl imprecations at yourself as being a blockhead because you always "buy on the bulges," or to assume that you do that only since you went into Wall Street. To a great extent, you always have done so, in your every act. To a great extent, you always will. Everybody, in Wall Street and out of it, always does so. In a sense, Morgan himself can buy only on dead motion, for he has to study past conditions, present values, and the technical situation, before he can go ahead.

The practical question is, how can you so formulate the laws of dead motion as to calculate from them the direction and velocity of live motion?

The surveyor arrives at an unwieldy

product by means of his table of logarithms. The civil engineer solves an otherwise insoluble equation by using the differential calculus. The builder reckons the strength of materials from tables into which have been condensed the results of thousands of tests with other similar materials. The bridge-builder knows from his studies the difference in strain between the freight train which creeps upon his structure and the passenger train which dashes upon it like a falling body. The artillery officer figures out the striking power of his projectile from the initial velocity, weight, and distance traveled. And so on throughout the whole range of science and industry.

Everywhere live motion, or future motion, is calculated from dead motion, or past motion.

Do you mean to tell me that the stock market is the only exception? On the contrary, let me tell you that there is not a single element which contributes to the motion of prices in the market, that cannot be weighed, measured, computed, or analyzed. We are learning how to calculate many of these factors. Others are still beyond our reach. But that all the essential elements of the problem will eventually be worked out in the form of scientific laws is a *certainty*, if the earth continues to rotate.

The study of live motion in the stock market is a science in its infancy. It was not so long ago that the physician bled his fever patient, shut all the windows, and refused him water. What would George Washington have said if he had suddenly come upon an aeroplane in flight?

The man who refuses to open his eyes to the possibilities of scientific study of the stock market puts himself on an equality with the Indian in his birch bark canoe who refuses to believe in the *Mauretania*.

Wanted Him to Specify

"Will you always be true?" asked the broker's daughter, when young Sportleigh had thrown himself at her feet and begged for her hand.

"As true as steel," he cried.

"Common or preferred?" she inquired, still suspicious.—*Chicago News.*

Prompt Action

Marie—"When you spoke to papa did you tell him you had $500 in the bank?"

Tom—"I did."

Marie—"And what did he say?"

Tom—"He borrowed it.—*Boston Transcript.*

Calculating the Force of the Market.

A Well-Known Architect Applies the Same Methods to the Stock Market that he Uses in Reckoning the Strength of Materials.

THE TICKER recently received an interesting letter from an architect in one of our largest cities, enclosing a list of trades extending over a period of nearly five years beginning with January, 1906, and showing large profits, and referring us to his brokers for further evidence as to his success.

He states that he has achieved these results by calculating the force of the market, much in the same way as he calculates the strength of a joist, and paying no attention to news or to the financial situation. We give herewith such details as he is willing to make public:

"The evolution of this manner of trading necessitated researches for many years back in the history of the market and the compiling of records covering each transaction in many active stocks.

"The extent of the previous day's, week's or monthly movement is required, also the number of shares traded in, both on the buying and on the selling side. The indication for next day, either for a reverse of position or for a stop, is very plain and definitely deduced in about two minutes; the necessity to be present in the broker's office, or a sight of the tape, is absolutely not required. I give you each trade and date, together with obtained results. The rules or observations on future trades are ***positively not for sale*** and will not be disclosed under any circumstances, but I can assure you of the accuracy of each and every commitment given. I treat the market merely as a "force," which can be calculated with as much certainty as a load applied to a steel or wood girder, joist or beam and such calculations are generally recognized as both accurate and reliable.

"The calculations sent you are based on one stock alone (Reading), but I have tried out Steel and Union Pacific with equally gratifying results. I find that there is more activity in Reading and its range moves of four and one-quarter to nine and one-half points are more plain and certain. My deductions have some dependency upon the number of shares traded in daily; sales which are one-eighth above previous quotation being counted *buys* and those one-eighth below previous quotation *sales*. While this is not entirely essential it forms a very good check to enable me to observe the "to-come" market, by judging the amount of shares taken on or distributed. I have nothing to do with the general market news, gossip, etc.

"I never have more than one trade open at a time. I never pyramid, sometimes I am out of the market for a week or more, and frequently the duration of a trade in force is quite lengthy. I do not often reverse into a different position from previous trade, but obtain stops from the extent of previous moves and the distance stock has traveled on buying or selling as described above. A 'bull' day is considered to be one in which stock closes above the average for the day ***and*** above the opening; the reverse is a 'bear' day.

"The stock being traded in must be treated as a 'force' applied on the axis or average for a 'bear' day and the force applied from under for a 'bull' day. The movement of previous three days, previous week and month is also necessary to determine distance covered in points, together with weight (volume) applied. I keep a ½ point chart and also one like the enclosed, which I consider the best and clearest method of keeping stock records.

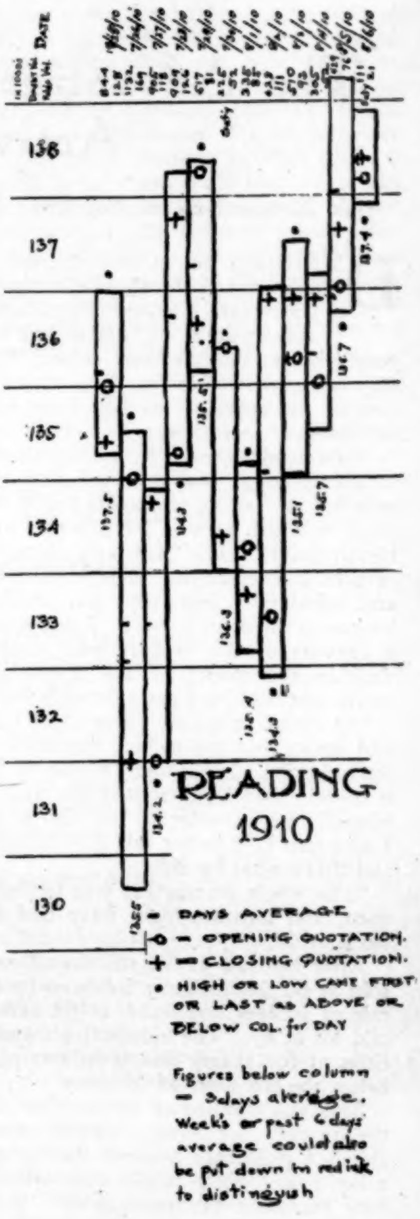
"With this method, in 1906, I made 48 trades, 23 long 25 short; in 1907, 50 trades, 27 long 23 short; in 1908, 42

trades, 23 long 19 short; in 1909, 41 trades, 20 long 21 short; in 1910 (to Oct. 1,) 33 trades, 18 long 15 short. In 1906 the greatest run of losses encountered was 9⅛ points; 1907, 5⅞; 1908, 4½; 1909, 5⅛; 1910, 5⅞. My losses average less than 1½ points and I have never sustained more than 4 consecutive losses.

"The strong feature I claim is that I am certain of getting the heart out of any swing, either up or down, the faster the better; in trading markets or at a point of actual distribution or accumulation, I sustain small losses until the market makes a pronounced move. In a 'traders' or a dull, narrow market, I am generally without a commitment. My buying and selling points are determinable to the exact one-eighth so that my orders are not given to broker with an 'if.'

"I consider that the market can be calculated exactly as a person would calculate a wood joist. The joist will safely hold just so much, and its factor of safety when encroached upon is on the side towards danger, and when exceeded the joist will break; so will a stock in the stock market.

"The longest single loss I have ever made was 4¼ points, due to a wide opening, and the longest run on profit side was 17¾ points. I can refer you to my brokers * * *, who have had evidence of how accurately I call the turn in the market. My losses usually come from a reversal of the market, as I am unable to calculate *how far* the market will go and so I have to wait until a reverse condition shows itself or my new calculations give me a stop. I only change my orders from day to day. I have nothing to do with any quotations until the market is over for the day. I believe that I could calculate the intermediate swings during the day, but I do not care to get too close to a game which the 'office squatter' can not beat. He is influenced in spite of himself and his trading is frequently warped."



The Advantage of Dealing in an Active Stock

A Recent Sale of Big Four Which Attracted General Attention

DURING a recent dull market a sale of 100 shares of Cleveland, Cincinnati, Chicago & St. Louis was made at 61, which was ten points below the previous close. The very next sale was at 69. The explanation of the specialist in Big Four was substantially as follows:

"I received an order to sell 100 shares at about 10:30 and reported that the only bid was at 60, ten points below the price at which an odd lot had sold and eleven points below Monday's close. I refused to execute the order at the price and asked my client, who was another broker on the floor, to wait. I then made a canvass of the brokers who usually deal in the stocks of the Vanderbilt roads, and could not get a better price.

"At about 11:30 my client came back and again told me to sell the stock at the bid price. I told him I'd give 61 for it myself, and he then told me that he himself had an order to buy 100 at 61. I told him he'd better sell it to himself, and that's what he did.

"The whole transaction was perfectly open, and anyone might have had the stock at 61."

After the sale at 61, 100 shares were sold at 69, immediately followed by the sale of another 100 shares at 68, and an odd lot at 67. The close after transactions of 695 shares was at 70, one point below the last price of Monday.

This sale entailed an unusual loss, but the market for many inactive stocks shows a difference between the bid and asked prices which results in unsatisfactory execution of orders given "at the market." At present writing the bid and asked prices on Big Four are about 3 points apart.

This is a feature of the market that is often overlooked by inexperienced traders. When the beginner sees a price quoted on the tape he is apt to consider that as the market, and as representing the price which he could get for his stock if he wanted to sell or what he would pay if he wanted to buy. This is far from being the case. He can sell at the bid price or he can buy at the asked price, and it is these two prices which really constitute the market.

The investor, who carries his stocks for a long time for the sake of the income he derives from them, can well afford to set a limit of price at which he will buy or sell. He can wait for other buyers or sellers to come to his price. Consequently he does not suffer especially from the inactivity of a stock, unless it is so inactive that there is practically no trading in it.

The active trader, however, cannot wait very long for the market to come to his price. He wishes to take advantage of the fluctuations. When he considers prices high, he wishes to sell at once, and likewise he wants to buy promptly at what he believes to be low prices.

For this reason, it is almost essential for the constant trader to keep in the active issues. In Amalgamated Copper, American Smelting, Atchison, Pennsylvania, Reading, Rock Island, Southern Pacific, Union Pacific and United States Steel, the market is nearly always in eighths—that is, the bid and asked prices are only 1/8 apart. In most other standard stocks, such as American Telephone & Telegraph, Baltimore & Ohio, Canadian Pacific, Lehigh Valley, New York Central, Northern Pacific, etc., the spread between bid and asked is generally 1/4, although at times it is only 1/8.

On the inactive stocks, there is always some uncertainty as to the exact market,

and bid and asked prices should be obtained before placing an order. A little patience in the execution of the order in these stocks often pays high dividends.

The day to-day trader will almost necessarily keep in the stocks where the market is eighths apart. He will frequently wish to place orders at the market and he wants to know pretty closely what price he will get. If he loses even ⅛ in execution on each end of his trade, that doubles his commission. He cannot afford this.

The trader for the five or ten point swings can trade in any stock which has a market in eighths or quarters. The loss of ⅛ in execution is not a serious matter to him. Nevertheless, as between two stocks, equally desirable in other respects, he would, of course, buy the one which has the closer market.

The investor who buys in panics and carries his stocks for a year or two before selling, does not need to worry much about the executions. Market orders in any standard stock will be executed closely enough for his purposes.

Too much attention is often given to small price changes in inactive stocks. In Interborough-Metropolitan preferred, for example, the bid and asked prices were yesterday about ½ point apart. An advance of ½ in the price might simply mean that an order to buy had followed an order to sell, without any real change in the market.

Hamlet Up To Date

By WILLIAM SHAKESPEARE*

HAMLET (*soliloquizing*):
To buy or not to buy; that is the question—
Whether it is more profitable to suffer
The tedium of a long and dull decline,
Or to defy Jim Hill and all his minions
To buy Steel common and forget it? To buy—
To make a profit—'tis a consummation
Devoutly to be wish'd. To buy—to hold—
Perchance be called for cash? Ay, there's the rub!
For in that space of sweet forgetfulness,
What bearish dreams may come to make
One almost long to shuffle off this mortal coil,
Must give us pause.

GHOST (*enters*): I am thy father's spirit;
Doomed by Standard Oil to walk the night,
Because I framed a bullish interview
When they would fain depress the market.
I could a tale unfold, once feathered thick
With glorious wool, but long since sheared so close,
To harrow up thy soul, freeze thy young bullishness,
And of the brief remainder of thy roll
Make each particular bill to stand on end
Like quills upon the fretful porcupine!
List, Hamlet, list! Buy not! Buy not!

(*Exit* HAMLET, *running, hands on his roll.*)

* By special telegram to the Styx, thence by Marconi wireless.

Buying Stocks in a Panic

How Can Risks be Reduced to a Minimum?

I READ with much interest the article "Method of Distributing Investments," in your October issue.

In your analysis of the correspondent's idea you admit that his plan is in many respects an improvement on that of "A Specialist in Panics." Is it not also a fact that in one respect it is not as good? Among the many good articles which THE TICKER has produced, "A Specialist in Panics" is one of my favorites, and I expect to make a bunch of money during the next panic through heeding its advice.

As soon as your correspondent takes his certificates from his safety deposit box and uses them as collateral security to buy more stock, and this time on margin, does not that introduce an element of risk which is considerable?

I do not refer to the risk of a fifty per cent. or greater margin. I refer only to the risk of placing all his property into the hands of another man for several years, running the risk of his dishonesty in the face of possible bankruptcy. Many men go wrong through bankruptcy who up to that time have been strictly honest. In the struggle for existence and in the hope of averting disaster they have recourse to methods which they would view with horror in saner moments. Suppose it is a criminal offense to dispose of collateral securities, it is still done; and the fact that the investor might place the offender in prison would not bring back his stock.

During the next panic I expect to place a considerable sum of money in stocks. It will be the greater part of what I am worth. It seems to me that good stocks bought during a panic on fifty per cent. margin would be safe. I should like to buy outright to the extent of my funds, then use my certificates to buy a like amount on margin, being careful to place my securities so that they are identifiable. But the other risk I can't bring myself to overlook. Perhaps I exaggerate. I should like to have your opinion.—E. G.

The risk from possible failure of brokerage houses in the plan outlined under the title "Method of Distributing Investments," would be small, for the reason that the writer of the article plans to distribute the business among a number of responsible houses. However, you could probably further reduce your risk by arranging with your bank or trust company to loan you 50 per cent. of the value of the stocks which you bought for cash, and to use this credit for you in the purchase of more stocks. Your trust company would probably be willing to give the orders for you to a brokerage house, and would not pay for the stocks until the certificates were delivered by the broker. In this way, your only risk, so far as failures are concerned, would be the possible failure of the trust company.

A Changed Wall Street

As Illustrated by the Wide Distribution of American Sugar Stock

PERHAPS nothing shows more clearly the change in the character of Wall Street business, and the growth of investment as compared with speculation, than the figures recently made public in regard to the distribution of Sugar stock among small investors.

In the late '90s Sugar was known as "the football of speculation." Incorporated in 1891, it blazed the trail for that decade of trustification and wild speculation which culminated in 1902. Nobody knew in those days what the stock was earning and apparently nobody cared. It paid dividends of 4 per cent in 1891, 10½ per cent. in 1892, 21 per cent. in 1893. Then for the next six years its 3 per cent. quarterly came as regular as sunrise.

Sugar was absolutely dominated by the Havemeyer interests, and while they were doubtless pleased to be able to make the stock earn 12 per cent. or more yearly, their chief concern was to make it a great speculative favorite. Its fluctuations seemed to be for the most part without rhyme or reason. Harriman has been held up as a type of the bold and unprincipled manipulator, but there was always at least a series of plausible excuses for the variegated career of Union Pacific under his leadership. Havemeyer did not bother about even excuses.

In 1893, such a trust as American Sugar was a new thing and open to the suspicion which attaches to all new inventions. Its low price that year was 61¾, in spite of dividends of 21½ per cent. From there it climbed a little every year, until in 1899 it sold at 182 in one of the wildest advances ever seen on the exchange. Undoubtedly the majority of traders believed at that time that the stock was cornered. However, the shorts were permitted to satisfy their wants and the price has never since come within 25 points of the high figure. Tom Lawson has claimed that he engineered that advance Possibly he did. He was then in the heyday of his spectacular career.

Sugar belonged to the unlisted department on the Stock Exchange, which has since been abolished. It attracted the gambling element among the traders and was usually the leader of the market in volume of transactions. Nobody thought of it as an investment, yet it is undoubtedly true that during these years of irresponsible fluctuations, a great many shares were finding permanent lodgment in the strong boxes of investors who were tempted by the big dividends.

The writer knew a small trader who owned 200 shares of Sugar year in and year out. Whenever he thought the stock was getting too high he sold 200 short and covered at his leisure. He could not be cornered, for he had the certificates to deliver in case of necessity. In the meantime he was getting his dividends and 20 or 30 points profit on his short sales once or twice a year. Probably he or his heirs still have that 200 Sugar.

In 1900 the dividends came down to a 7 per cent. basis, but the trust was now in a more assured position and the price held around the same level as before. For the last ten years the high price has been 157, in 1906, and the low 92¾, in 1907.

On October 1, 1910, the $90,000,000 preferred and common stock of this company was held by 19,175 shareholders. Of these 51 per cent. were women and over 10 per cent. of the stock stood in the names of executors, trustees, guardians, banks, churches, hospitals, and charitable institutions. Less than 2 per cent. was held by brokerage houses. About 85 per cent. was in the hands of investors holding not more than 50 shares each.

Of course, this is the natural development of things. The speculative favorite is a stock with large earnings, but uncertain prospects. This condition results in great possibilities of profit, but accompanied by possibilities of loss. The conservative and often timid mind of the investor shrinks from such a stock. But the country keeps growing and if dividends are paid regularly the investor is at length won over, the shares gradually pass out of the Street, and the stock settles down to a career of dull respectability.

The Havemeyer era on the exchange has passed, for which let us be duly thankful. Such methods will never again be tolerated. For one thing, the unlisted department is gone, never to return. American Tobacco, which was handled in a manner similar to Sugar, was practically kicked off the exchange.

It is a question if the day of the individual manipulator has not also passed away. Harriman succeeded because of powerful banking support and because he had the treasury of the Union Pacific to fall back upon. It is not probable that any great railway could now be exploited in such a way. The surpluses of the great insurance companies are protected by more stringent laws. The "days of Harriman" may pass into a tradition as the "days of Jay Gould" have long since done. The next Stock Exchange boom will probably be based on saner methods and a more intelligent public participation.

Catching the Small Fluctuations

A Plausible Plan—Its Possibilities and Its Weaknesses

MY attention has been called to a stock market scheme which is based upon the idea of buying and selling small lots of active stocks, the purchase or sale always being covered as soon as one or one and one-half points profit are shown. The idea is to catch the numerous fluctuations of one point or thereabouts which occur from day to day in active stocks. A loss is never taken and if a purchase or sale goes against the concern there is a sufficient capital to hold out the contract till the next swing of the market, even if it be deferred four or five years. The concern I mention started soon after the panic of 1907 and has withstood the rise and fall of prices since that time.

Is not the theory of this plan practically correct provided sufficient capital is maintained to back up the various transactions? Disregarding the honesty of the people operating the plan, which I am confident of, what are the technical weaknesses in the scheme? The profits of the plan to subscribers at present are in the neighborhood of 50 per cent.—SUBSCRIBER.

This plan is an old one and has been recommended in various forms by a considerable number of writers on the stock market. It looks very attractive at first glance and is always a favorite with those whose experience in investing for profits has been limited. The idea is practicable within certain limits, but it is far from being the bonanza that the inexperienced sometimes suppose.

In the first place, such a scale system cannot be safely operated on the short side of the market. Lackawanna, for example, sold at 140 in 1898 and at 680 in 1909 without returning again to the low point. If you had started to sell this stock short at say 150 with the idea of never taking a loss on any sale, but continuing to make further sales as the price advanced, you would have required a large amount of capital in proportion to your first trade and you would, in all human probability, never see an opportunity to get out even on the whole deal. Moreover, Lackawanna has been a steady dividend-payer throughout this period, and of course all these dividends would have to be charged to the account of the trader who was short of the stock continuously year after year.

The plan can be worked on the long side and is being worked by some successful investors. A good deal of judgment is necessary in regard to the stocks which are purchased. They must be the stocks of companies which are gradually increasing in value, as a result of the growth of the country or section in which they are situated. For example, we would consider Southern Railway preferred a better stock to buy on a scale down than New York Central, for the reason that Southern Railway is located in growing section of the country and has the probability of dividends before it, while the New York Central runs through a section which has already reached a high degree of development.

We think that a profit of one point would be too small to aim at on this plan. Your commission, interest, taxes, and the "invisible eighth" would equal at least 50 per cent. of your profits. This is giving the broker too large a part of the profit. We should say that two points would be the smallest profit to be accepted on such a plan as this.

We do not believe that this plan will make profits of 50 per cent. yearly on the capital required to buy stocks outright on a scale down, unless the plan is operated with a degree of judgment and discretion which would yield still larger profits if purchases were made only in a panic or after a big decline and not on a scale. If operated in a mechanical way, merely for the purpose of catching the small fluctuations, with capital enough to enable a trader to buy the stocks outright on a scale down as low as they are likely to go, and confining the use of judgment to the selection of suitable securities for the purpose, we should say, that the highest profit likely to be realized in the long run would be 25 per cent. yearly.

The deceptive nature of this plan arises from the fact that the majority of people don't stop to reckon up the enormous amount of capital required to buy even ten shares of stock every one point down for a run of say forty or fifty points. Figure this out and then see how many profits of one point on a single lot will be required to yield you 50 per cent. a year on your capital.

While this plan is practicable when operated with ordinary judgment and discretion, we do not think it is anywhere near as profitable as the plan of buying stocks in panics only and holding them until the market has had an extended rise. This idea is fully explained in our booklet "Fourteen Methods of Operating in the Stock Market."

The Bargain Indicator

NOTE.—Except where otherwise noted, earnings are herein computed for the *twelve latest* months available, thus keeping the table constantly up-to-date. Additions and betterments are included in the earnings as given, wherever they are so reported as to be distinguishable from ordinary expenses of maintenance, since earnings invested in the improvement of the property are usually of more value to the stockholders in the long run than if they had been distributed as dividends. Such additions and betterments out of current earnings increase the equity of the stockholders and therefore render the stock more valuable.

As this magazine is mailed to subscribers two or three days before it appears on the news-stands, subscribers get the first advantage of the Bargain Indicator.

Railroads.

LEHIGH VALLEY drops from third place to seventh, not because of any important decrease in earnings, but simply because the price is now 179, compared with 172 last month. Speculative Wall Street is expecting 10 per cent. dividends or higher on this stock, but of course there have been instances when speculative Wall Street was disappointed. The road could easily afford to pay such dividends.

Louisville & Nashville net earnings have suffered severely of late owing to increased cost of maintenance and operating expenses. The road is in an enviable position, nevertheless, and may be expected to hold its own with practically any other road in the country.

Kansas City Southern gains three places on higher earnings and a lower price. It is one of the roads which has splendid possibilities for the future, but of course might suffer sharp temporary declines in earnings, as it runs through a partially developed territory.

Panhandle (P. C. C. & St. L.) earnings are very little changed, but the price has held firm while prices of other roads declined, causing it to drop three places in the table.

Lake Erie & Western shows a decline in net earnings, which affects its position. Of course the more speculative the issue is, the more it is likely to move up and down the list, as its earnings are less stable.

Industrials.

We have dropped reports dated in 1909, as such figures are now getting stale. We include everything from January 31, 1910, down to date.

Bethlehem Steel common and preferred still stand near the head of the list, although the recent earnings made public for ten months (without deductions for depreciation or miscellaneous expenses) are not quite up to the eight months earnings previously given out. We think these somewhat surprising earnings should be taken with a grain of salt until further information is forthcoming.

United States Steel common rises three places because of a greater fall in price than other stocks. The earnings are still based on the same quarterly report as last month.

The prospects of the U. S. Steel Company constitute one of the problems of the present market. Unfilled orders are now at the lowest point in its history, in spite of the very great increase in the productive capacity of its plant. Yet earnings on the stock are still ample to cover dividend requirements.

American Cotton Oil shows earnings of 6.8 per cent. on par for its last fiscal year compared with 10.4 per cent. for the preceding year. The price has not suffered severely as a result of this showing.

There are but few new reports on industrial stocks this month. The fiscal years of a score of prominent companies end on December 31.

THE BARGAIN

Comparative Earnin

☞It is just as important to read the footnotes below, and the comments on preceding page, as it is to note the position and earnings of the stocks.

RAILROADS

Position.		Price.	Div. Rate.	Yield.	Approximate earnings on par.	Earnings on price.
1	Denver & Rio Grande common	28	0	0	4.1	14.7(f)
2	Erie common	28	0	0	3.6	12.8(e)
3	Chesapeake & Ohio	80	5	6.3	9.5	11.9
4	Colorado & Southern common	56	2	3.6	6.7	11.9
5	Norfolk & Western common	97	5	5.2	11.3	11.7
6	Wabash preferred	33	0	0	3.7	11.2
7	Lehigh Valley common	179	6	3.3	19.9	11.1
8	Southern Pacific common	114	6	5.3	12.6	11.1
9	Minneapolis, St. Paul & S. S. M. common	128	7	5.5	13.6	10.7(j)
10	Union Pacific common	169	10	5.9	18.2	10.7
11	Louisville & Nashville	143	7	4.9	15.1	10.6
12	Kansas City Southern common	31	0	0	3.2	10.3
13	Atlantic Coast Line R. R.	116	6	5.2	11.7	10.1(c)
14	Delaware, Lackawanna & Western	530	20	3.8	53.2	10.0
15	Southern Railway common	25	0	0	2.4	9.6(e)
16	Reading common	147	6	4.1	13.9	9.4(d)
17	Buffalo, Rochester & Pittsburgh common	103	4	3.9	9.2	8.9(i)
18	Atchison common	101	6	5.9	8.9	8.8
19	Pittsburgh, Cincinnati, Chicago & St. Louis common	96	5	5.2	8.5	8.8(b)
20	Baltimore & Ohio common	106	6	5.7	8.4	8.0
21	Brooklyn Rapid Transit	74	5	6.8	5.7	7.7
22	Delaware & Hudson	163	9	5.5	13.2	7.7(a)
23	Canadian Pacific	193	8	4.0	14.7	7.6
24	Northern Pacific common	115	7	6.1	8.3	7.3
25	Twin City Rapid Transit common	109	6	5.5	7.5	6.9
26	Great Northern preferred	123	7	5.7	8.4	6.7
27	Pennsylvania Lines	129	6	4.6	8.7	6.7(c)
28	Illinois Central	131	7	5.4	8.2	6.4
29	New York, Ontario & Western	41	0	0	2.5	6.1
30	St. Louis Southwestern preferred	62	4	6.5	3.6	5.8
31	Lake Erie & Western preferred	38	0	0	2.1	5.6
32	Chicago & Northwestern common	141	7	5.0	7.7	5.5
33	Cleveland, Cincinnati, Chicago & St. Louis common	66	4	6.1	3.5	5.4
34	Missouri Pacific	45	0	0	2.3	5.1
35	New York, New Haven & Hartford	151	8	5.3	7.4	5.0(h)
36	New York Central	112	6	5.4	5.4	4.9(c)
37	Chicago Great Western preferred	44	0	0	2.0	4.6
38	Chicago, Milwaukee & St. Paul common	123	7	5.7	5.1	4.1(g)
39	Wisconsin Central common	56	0	0	2.1	3.8
40	Western Maryland common	45	0	0	1.3	2.9
41	Minneapolis & St. Louis preferred	50	0	0	1.4	2.8
42	Missouri, Kansas & Texas common	32	0	0	0.1	0.3
43	Rock Island Company preferred	62	0	0	0	0
44	Chicago & Alton common	31	0	0	0	0
45	Iowa Central preferred	31	0	0	0	0
46	Minneapolis & St. Louis common	25	0	0	0	0
47	St. Louis Southwestern common	25	0	0	0	0
48	Texas & Pacific	25	0	0	0	0
49	Duluth, South Shore & Atlantic preferred	22	0	0	0	0
50	Lake Erie & Western common	16	0	0	0	0
51	Wabash common	16	0	0	0	0

Preferred stocks earning more than the per cent. to which the dividend is limited, but now receiving either no dividend or less than said limit.

1	Erie second preferred	34	0	0	29.6	87.1 (c)
2	Erie first preferred	45	0	0	13.8	80.7
3	St. Louis & San Francisco second preferred	39	0	0	7.5	19.3(c)
4	Southern Railway preferred	50	0	0	9.7	16.5

(a) On $180,000,000 cap. stock. (b) Pref. and com. share equally after com. receives 5%. (c) On increased cap. stock. (d) Includes betterments on railway. (e) After deducting pref. divs. (f) Including $1,152,000 "deferred income," due from Western Pac. (g) After deducting special credits included in annual report. See TICKER, Nov., 1910. (h) Figured on $144,000,000 stock. (i) Pref. and com. share equally after com. receives 6%. (j) Pref. and com. share equally after com. receives 7%.

INDICATOR

of Important Stocks

☞ **Reports in italics are over 6 months old. They are, however, in each case the latest reliable figures obtainable.**

INDUSTRIALS, &c.

Pos.	Date of Report.		Price.	Div. Rate.	Yield.	Approximate earnings on par.	Earnings on price.
1	Oct. 31, '10	Bethlehem Steel common	29	0	0	8.7	30.0(f, j)
2	*Mar. 31, '10*	*United States Rubber common*	33	0	0	7.8	23.6
3	June 30, '10	American Agricultural Chemical common	46	0	0	10.4	22.7
4	Oct. 31, '10	Bethlehem Steel preferred	59	0	0	13.0	22.1(f, g)
5	Sept. 30, '10	United States Steel common	73	5	6.9	13.8	18.9(a)
6	*Mar. 31, '10*	*American Beet Sugar common*	39	0	0	7.3	18.7
7	*May 31, '10*	*Virginia-Carolina Chemical common*	61	5	8.2	10.8	17.7
8	June 30, '10	Republic Iron & Steel common	31	0	0	4.6	14.8
9	July 31, '10	American Linseed preferred	31	0	0	4.5	14.5
10	July 31, '10	American Steel Foundries	42	5	11.9	6.1	14.5
11	Sept. 31, '10	United States Realty & Improvement	68	5	7.4	9.9	14.5(d)
12	June 30, '10	Wells Fargo Express	146	10	6.9	20.1	13.9
13	*Apr. 30, '10*	*American Car & Foundry common*	50	2	4.0	6.6	13.2
14	Aug. 31, '10	American Cotton Oil common	57	5	8.8	6.8	11.9
15	*Jan. 31, '10*	*Union Bag & Paper preferred*	56	4	7.1	6.4	11.4(c)
16	*Mar. 31, '10*	*Westinghouse Electric & Mfg. common*	67	0	0	7.6	11.4
17	June 30, '10	Allis-Chalmers preferred	29	0	0	3.1	10.6
18	June 30, '10	National Enameling & Stamping common	17	0	0	1.7	10.0
19	Sept. 30, '10	Pittsburgh Coal preferred	67	5	7.5	6.6	9.9(c, h)
20	*Apr. 30, '10*	*American Smelting & Refining common*	74	4	5.4	7.1	9.6
21	*May 31, '10*	*People's Gas Light & Coke*	105	7	6.7	10.0	9.5(d)
22	Aug. 31, '10	American Malt Corporation preferred	33	2	6.1	3.1	9.4(c)
23	*May 31, '10*	*Sloss-Sheffield common*	50	0	0	4.3	8.6(d)
24	*May 31, '10*	*United States Cast Iron Pipe preferred*	53	5	9.4	4.4	8.4
25	June 30, '10	International Paper preferred	55	2	3.6	4.5	8.2
26	Sept. 30, '10	Laclede Gas common	104	7	6.7	8.4	8.1(h)
27		Pacific Coast common	104	6	5.8	8.4	8.1(b, e)
28	June 30, '10	Western Union	70	3	4.3	5.7	8.1
29	June 30, '10	Distillers Securities	32	2	6.3	2.5	7.8
30	Sept. 30, '10	Utah Copper (par $10)	$46	30	6.5	34.1	7.4(a)
31	July 31, '10	Pullman	160	8	5.0	11.6	7.3
32	Sept. 30, '10	American Telephone & Telegraph	141	8	5.7	10.2	7.2(h)
33	*Jan. 31, '10*	*National Biscuit common*	111	6	5.4	7.7	6.9
34	*Feb. 28, '10*	*Corn Products preferred*	79	5	6.3	5.4	6.8(c)
35	*Apr. 30, '10*	*Amalgamated Copper*	64	2	3.1	3.9	6.1
36	June 30, '10	International Steam Pump common	41	0	0	2.0	4.9(a)
37	*Feb. 1, '10*	*Mackay common*	88	5	5.7	4.3	4.9(k)
38	June 30, '10	American Locomotive common	36	0	0	1.3	3.6
39	*Jan. 31, '10*	*Union Bag & Paper common*	8	0	0	0	0
40	July 31, '10	American Linseed common	12	0	0	0	0
41	June 30, '10	International Paper common	13	0	0	0	0
42	*Feb. 28, '10*	*Corn Products common*	15	0	0	0	0
43	*May 31, '10*	*United States Cast Iron Pipe common*	16	0	0	0	0
44	Sept. 30, '10	American Hide & Leather preferred	21	0	0	0	0(a, c)
45	*Apr. 30, '10*	*Pacific Mail*	31	0	0	0	0

(a) Based on quarterly earnings. (b) Based on current earnings. (c) Divs. in arrears. (d) Based on 6 mos. earnings. (e) 2nd pref. and com. share equally after com. receives 4%. (f) Based on 10 mos.—Int. charges deducted but not depreciation or miscellaneous. (g) Entitled to only 7% non-cumulative. (h) Based on 9 mos. earnings. (j) After deducting preferred div. (k) This figure represents dividends received from constituent companies and does not include surplus earnings.

Money Rates in America and in Germany

Different Ways of Judging the Money Market in the Two Countries

I WANT to follow up the quotations of the highest grade bonds. I wouldn't care for the daily quotations, the weekly, monthly or quarterly quotations would do.

The reason why I want to do this is that my experience in European markets is that the buying power of the public, which is necessary for any healthy, permanent rise of prices of stocks, first appears in rising quotations of first-class long-time loans. For instance, here in Germany, we hardly ever have any better sign for the reawakening buying power of the people than a steady upward movement of the German Imperial loan, the place of which seems practically to be taken in America by the high grade bonds (of course not convertible ones).

In Germany the quotations of these loans give you the present long time interest rate, which is very useful for many purposes. For example, the movement of the long time interest rate may be different from the quicker movements of short time loans. In Germany you have a real scale of loan rates between the long time and the short time rates. You have the rate of the German Reichsbank (Imperial banque) which may change a few times during the year, and which is a very conservative sign of the price of money at different times. Then you have the quick daily movements of the Berlin exchange private discount, which can hardly be used to judge the trend of the long swing.

I am sure you have in America some different signs too for following not only the quick rate movements, important for the short time stock speculator only, but also the movement of interest rates from a broader view. Will you tell me something about these signs?

Again, in Germany we have some almost regular interest rate movements during the course of the year. Money gets cheaper from the beginning of the year towards the summer time, dearer towards the fall, and after a reaction in November, highest towards the end of the year. As you may see, that movement is influenced not only by the crop requirements, but by many other circumstances. Another always noticeable factor is the higher price of money towards the end of each quarter of the year (March 31st, July 31st, October 31st, December 31st), due to the general custom of making all mortgage transactions and paying all interest quarterly, and to some other important but specially German reasons. So you may not compare the loan rates of different times during the year without regard to these circumstances. If, for instance, the German Reichsbank rate in January is 5 per cent. and in July 4 per cent., you may not be induced to believe that money in the long swing gets cheaper, but you have reasonable ground to believe so if next January the rate is 4 per cent. So I am sure that you have some similar regular money rate movements during the year.

Are there special times during the year when high grade bonds are most bought and consequently may show a rise? And are there times when people regularly sell bonds, as they need money for other purposes? I ask, because we find in Germany about the end of every quarter of the year movements of that kind.

Allow me to tell you that as soon as I saw THE TICKER, and, although it can't be so useful for me as it will be for American people, I immediately not only subscribed but bought all back volumes and some of your literature. I found therein so many practical and interesting ideas about the stock market as I didn't find in any other publication all over the world. Having had experience in foreign markets, I can compare your suggestions and ideas with these experiences and am able to add some modifications or new ideas to your principles.—E. F. H., BERLIN.

The Investors' Pocket Manual, issued monthly, price 25 cents each, or $2.50 per year. for sale by Ticker Pub. Co., will give you the prices of high grade bonds.

You cannot judge the money market by the price of United States Government bonds, as you can by the German Imperial loan, because our bonds are used as the basis for national bank currency, and therefore have a value which is little short of fictitious. The best index for this purpose would be an average of say ten of the highest grade railroad bonds.

The call loan rate in Wall Street gives you the interest rate from day to day. Then the quotations for high grade commercial paper and for four months' time money borrowed on collateral give you a sort of intermediate index as to the condition of the money market. These four sources will give you the money rate based on long time bonds, on commercial loans, on stock exchange time loans and on call money.

Crop movements affect the money rate in America about the same as in Germany, except that our crop movement begins a little earlier. There is some demand for money for crop moving purposes in July, and it begins in earnest in August. It continues throughout the rest of the year, but usually begins to fall off after December 1st.

The quarterly settlements are not as important in America as in Germany, and do not, as a rule, have any great effect on the money market. The January 1st dividend disbursements, however, have an equal effect on the money market here, causing a tightening of the rate in the latter part of December and a corresponding ease in January.

The re-investment of dividends after January 1st and to a less extent after July 1st is likely to have some effect on the bond market. We do not know that there are any particular times when people sell bonds to get the money for other purposes.

March–The Real Bear Wheat Month

Review of 1910 and Forecast for the Coming Quarter.

By E. W. WAGNER

THE grain history of 1910 is equal to normal in its reproduction of the spectacular. An abnormal winter killed 4,600,000 acres of winter wheat. Russia will break all records by exporting the unheard-of total of 350,000,000 bushels of wheat for the double crop year ending July 1st, 1911. On June 14th, 1910, the spring wheat crop was pronounced in good shape—yet on June 21st, the North Dakota yield had been cut 40,000,000 bushels by the fiercest drought in a decade.

The year 1910 ends with the largest world's visible supplies of wheat and flour in history at around 240,000,000 bushels. Former record around 220,000,000. Leading swings in wheat have run 16, 17, 10, 23, 24 and 21 cents—an entire proof of one year's great crop-making excitements. The 1911 crop of winter wheat has gone into the winter with the lowest condition on record—probably 77—whereas the Government says 82.5.

During 1910 thirty out of our thirty-four States produced satisfactory average yields. Washington, Nebraska, Kansas and North Dakota were the hard-luck States producing 147,000,000 bushels, versus 240,000,000 in 1909. This shortage has saved May wheat from selling at 85.

The statistician does not exist who can figure world shortage or near shortage. January cannot be claimed as a bull or bear month in wheat. Net declines or advances of one to three cents have been scored during recent Januaries. During recent years February wheat values have been dominated by fears of end of crop year scarcity.

The great bear month of the year is not June, as generally accepted, but March. March is usually a bear month. In March, 1904-5-6-7 and 8 the low wheat points came March 21 to 31. High points mainly March 1 to 4. The year 1909 was Patten year and March values were mainly strong—in the first eight days of March, 1909, May wheat broke five cents. March, 1910, was true to tradition—May wheat selling from $1.15¾ to $1.10⅛ in the first eight days.

Evidently the Best Yet.

A Tipster As Is a Tipster.

SOME time ago when Union Pacific was selling around 165, we received a daily market letter headed "Eleven Years in Financial Markets. Reliable and Scientific Forecasts with the Best and Fullest Information for Traders and Investors. Terms, $10 Monthly."

The writer of this letter had been informed of an important bear development in Union Pacific which would cause the most sensational decline ever witnessed in that stock—which would certainly be "going some." Out of a philanthropic desire to benefit mankind, apparently, he took us into his confidence and advised us to sell short at once.

Union Pacific immediately advanced and when it was about 178, we received another letter from the same gentleman, which is diverting enough to be worth reproducing in part herewith. The matter of the Union Pacific deal seemed to have entirely slipped his memory, but he had some important information on Car & Foundry and recommended buying at once. It sold at 55½ the day we received the letter. This figure proved to be the high point, and the price is now around 50. You will note the remarkable accuracy of this talented gentleman in locating the exact high point—and advising us to buy there! His words of wisdom follow:

DEAR SIR:

For the sake of your own bank balance I urge you to get into the market now, as this is the only opportunity we have had this year for making real big money.

I have a few big swings to give you between now and Xmas, and no matter whether the market goes up or off I guarantee the trend, and not only have you sell out at the top, but get you short there as well, and when I get you on the short side, remember there is more profit than on the long. I do not generally give prices at which to take profits, as you always miss the cream in that way, but with my system of stops, you close out with the last ½ point for a move. On the first small trade I make you several times the price of a month's subscription.

FREE INFORMATION THIS WEEK.—Buy Car Found. long pull trade, will take two months to mature, but will go to 65. Has earned 7 per cent. on common and big surplus, and the stock is to be advanced on active scale.

TO ALL CLIENTS on my list for six consecutive months beginning with receipt of this, I will give a 10 SHARE TRADE FREE, made on their own judgment or my advice, and carry for two weeks on a two point margin, THROUGH YOUR OWN BROKER, who will have my check or draft me for same, at any time during week immediately preceding the 4th of July holidays, at your order, and is to be closed same way any time during week succeeding holidays, at your order. Or you may send me orders for transmission to my brokers, with instructions to notify you of trade. My margin will constitute a stop which, if reached, puts you out and no expense to you. You may let trade run as long as you like, providing it does not extend over two weeks, and all profits accruing thereto are yours. After getting my FORECASTS for a while and becoming familiar with my methods, you will be able to pick stocks showing best profits.

The difference that exists between the aborigine or the ignorant man and the highly civilized one is that the former lives only in and for the present, while the latter looks ahead and provides for the future. This PROFIT SHARING plan of mine helps you to see something ahead while getting present profits, and puts it up to you to develop the necessary market instinct to make as much out of it as you can. After following my forecasts for a month even you will begin to get a clear insight into the psychology of the market, to comprehend its movements and the reasons therefor, and to become familiar with its machinery. MY letters will put you in possession of knowledge about the market that was unknown to you before, and will help you to make a choice of the stocks that will give you the greatest number of points profit, either on the long or short side. Everything relating to the markets is discussed and included in my letters. They are full and accurate. A profit on my gift trade of 20 POINTS is by no means improbable at the time of the year in question.

There has never been any question as to the veracity of my statements regarding stocks, and I speak from absolute knowledge, experience and facts and do not indulge in tips. I leave that to those who have no sources of authoritative information.

The Investment Digest

THIS Digest is prepared from news appearing in the following publications: New York: *Bond Buyer; Financial News; Wall St. Journal; Financial America; Moody's Magazine; Moody's Manual Supplement; Commercial & Fin. Chronicle; Financial Age; Financial World; Railroad Age Gazette; U. S. Investor; Commercial; Brooklyn Eagle; Leslie's Weekly; Evening Mail; Evening Post; Herald; Journal of Commerce; Sun; Times; Tribune.* Boston: *News Bureau; Commercial; Financial News; Transcript; Herald; Post.* Chicago: *Record-Herald; Tribune.* Philadelphia: *Financial Bulletin; Railway World; North American;* Pittsburgh *Dispatch;* Washington *Post;* Louisville *Courier-Journal;* New Orleans *Times-Democrat;* Baltimore *Sun;* St. Louis *Post-Dispatch;* Cincinnati *Commercial Tribune;* Cleveland *Commercial Bulletin;* Memphis *Commercial Appeal.* Kansas City: *Star; Journal;* Dallas *News;* Houston *Post;* Seattle *Times;* Toronto *Globe;* Montreal *Star;* Minneapolis *Commercial West;* Birmingham *Age-Herald;* San Francisco *Journal of Commerce;* Denver *Post;* Atlanta *Constitution;* London *Statist.* Also from the Financial Reviews of leading banking and Stock Exchange houses, too numerous to mention.

The sources of items are indicated as follows: * Leading financial and investment publications. † Banking and Stock Exchange houses. § Responsible newspapers or news services. Neither THE TICKER nor the above authorities guarantee the information, but it is from sources considered trustworthy. Owing to the vast amount of information condensed into these pages, many abbreviations are necessary.

Am. Agri. Chemical.— *Co. will during current fisc. yr. prod. close to 1,000,000 tons of fertilizers, a 33% incr. over 3 yrs. ago. This puts co. a close second to Va.-Caro. Chem. and 1912 will see Am. Agri. Chem. as large a producer as its southern rival. It seems likely that for current fisc. yr. co.'s gross sales will easily cross $20,000,000.

Am. Can.—§Co. decl. regular quar. div. of 1¼% on pfd., payable Jan. 2 to stk. of record Dec. 16. * The full cumu. rate is 7%, but has never been paid since organ., so that 32%, or over $13,000,000, has accrued in back divs. Co. has had a good yr. and net profits for full 12 mos. are expected to slightly exceed $3,500,000, an incr. of $200,000, or 6%, over 1909. Co. is so seriously over-capitalized that real stability of carn. and excellent manner in which it is managed have not given it position in the markets it deserves as an industrial organ. Ad. to this the Reid-Moore interests own 55% of the stk.

Am. Car & Foundry.—†Co. working at prac. full capacity, and business shows signs of improvemt.; more orders have been received than since early in yr. * Co. has recd. more than its share of orders. Out of 4,308 cars ordered during past two mos. it has recd. contracts for 2,517. A conserv. estimate of gross for first six mos. of current yr. April 30 to Oct. 31 would be $40,000,000. On acct. of competition, with low prices, net earn. on this basis would be about $3,500,000, leaving surp. for div. after fixed chges., repairs, etc., of $2,750,000. Pfd. div. at rate of 7% would reduce this amt. to $1,694,445 appl. to the $30,000,000 com. stk., or at rate of 11.29%. Directors do not intend to do any new finan. or const. work during coming yr. as working capital of $17,770,023 as of April 30, 1910, is large enough to carry on oper. * "Advices" recd. that Argentine has just awarded a car-equipmt. contract for State Rys. entirely to Am. bidders. Order for 81 sleeping, dining, kitchen, and other cars, to cost $1,000,000 U. S. gold, was given to Am. Car & F. Co. Demand for cars in Argentina is steadily incr., owing to rapid R. R. expan., and securing of this large order by Am. cos. puts them in a strong position to secure others. † Com. div. requiremts. amt. to but $600,000 per an.; 2% has been paid on com. stk. since 1908. Co. earned 6.63% last yr. (See "Equipment Notes.")

Am. Hide & Leather.—†Co. has decided to publish quar. statemts. The statemt. is prepared precisely on same accounting basis as annual accts. Of the deficit for the quar., $56,794.85 represents deduction in the val. of unsold finished leather as result of conserv. valuation. Quar. ending Sept. 30, 1910: Net earnings, $1,910.27; int., sinking fund, etc., $165,375.00; deficit for the period, $163,464.73; net current assets, $8,516,739.52. In fisc. yr. end. June 30th last the deficit, after all chges., amted. to $696,590, which was almost ten times as large as any deficit shown in the worst previous yr.

Am. Ice.—*Earnings for fisc. yr. Oct. 31 will show decr. net comp. with the 12 mos. Oct. 31, 1909, although gross is said to be up to last yr. Annual report of oper. co. will be issued about middle of Dec., and exact decr. in net will then be known. During 1909 the co. showed total net of $1,099,354, equal to 7.36% on $14,920,000 pfd. stk. outst. This comp. favorably with 4.09% earned the previous yr.

Am. Locomotive.—*The following orders were recently placed with the co.: Grand Trunk Ry., 12 locos.; Del. & Hudson, 11 locos. Ten pass. locom. for the Imperial R. R. of Japan were shipped by the Brooks plant of Am. Locom. Co. this mo. (See "Equipment Notes.")

Am. Smelting & Ref.—§Pres. Guggenheim has given in detail the rights to subs. for the

$15,000,000 of 6% gold convert. bonds of the Securities Co. A meeting of stkholders has been called for Jan. 5, 1911, for the purpose of ratifying the new finan. plan. This co. is owner of $17,751,000, par value, out of total $30,000,000, par value, of the com. stk. of the Am. Sm. Securties Co. It is the guarantor of the $30,000,000 of series "B" pfd. stk. of that co. It is a large creditor of the Securities co. The prosperity of the two cos. is, therefore, interdependent. The funding of indebtedness of Securities co. is, therefore, of importance to both. To prepare adequately for the future of this co., and to fund the debt of the Securities co., it is deemed advisable that the Securities co. shall issue and your co. acquire $15,000,000 of 6% 15-yr. gold deben. bonds of the Securities co.; that the latter co. shall thereby repay the advances made to it and discharge its floating indebtedness; that the bonds so acquired by this co. be made convert into com. stk. of this co., on conditions set forth, and that the pfd. and com. stkholders of this co. be afforded the opportunity to subs. pro rata for the bonds of the Securities co. Through the expected ultimate conv. of bonds into com. stk. and op. of the sinking fund, the Smelting co. should, as a result, receive approx. $15,000,000 additional cash, which, with the present cash, will make a total of approx. $27,000,000.

Am. Steel Foundries.—§Earnings of fiscal term end. July 31, 1910, $1,839,984, the largest since 1907. Compared with 1909 gain $1,270,-545, or $51,617 more than the adv. over 1908. Total income this yr. $1,896,072 against $632,-566 for 1909 and $3,100,606 for 1907. Surp. was $2,379,087, which on present reduced capital would represent 13.8%. At that time, however, $15,810,000 com. and $17,240,000 pfd. stk. were reduced in June, 1908, to $17,184,000 all of one class. Net surp. for divs. this yr. 6%, comp. with 3-5ths of 1% for 1909. Bal. sheet as of July 31, 1910, real estate, plant and equipmt., etc., are held at $19,961,095. Miscel. securities owned, $179,264, comp. with $389,-703 last yr., $671,698 in 1908, and $616,209 in 1907. Accts. and bills receiv. $3,642,878, nearly as large as in 1907, but in 1908 they were only $730,139 and last yr. $1,206,618. "Cash," as of July 31, $645,464, comp. with $218,389, $479,311 in 1908, and $770,423 in 1907. Accts. payable $1,154,407 against $440,784 in 1909, $570,391 in 1908 and $1,079,191 in 1907. Since close of last fisc. yr. shipmts. and earnings are satis. but new orders show steady decr., although lately there has been a decided change in sentiment.

Am. Sugar Ref.—*Co. is now within six weeks of the close of a fairly successful yr.'s business. Net will be according to present indications, consid. less than 17% earned on $45,000,000 com. in 1909, but better than the 7.45% shown in 1908. It now seems likely that for the yr. com. share profits will be in excess of 10%. §The co. has declared the regular quar. dividends of 1¾% each on its pfd. and common stks., payable Jan 3 to stk. of record Dec. 1.

Am. Tel. & Tel.—*Dividends for fisc. yr. Dec. 31 will for first time cross the $20,000,000 mark. The figure is likely to exceed $21,000,-000. It was only 12 yrs. ago that the entire gross earn. of the Bell system did not exceed $25,000,000. For the yr. Dec. 31, 1909, Bell system earned total gross of $149,914,700. Gross receipts for the last nine mos. have been avging. a gain better than 11.5% and if contin. for full yr. insures combined gross earns. of the parent and subsid. cos. better than $160,000,000. It seems entirely probable that another 3 yrs. will see the co. earning yrly. $200,000,000 and in connection with W. U., a total of $250,000,000. Despite incr. in div. disbursemts. this fisc. yr. of $4,000,000, or 23%, net earns. are rising splendidly to meet demand and for full 12 mos. it now seems surp. after divs. will exceed $7,000,000, against $6,059,112 in 1909. Five yrs. ago Am. Tel. owned but 56% of combined stks. of associate cos., it to-day owns close to 70%, showing the incr. equity of the parent co. in undivided earnings of its subsid. properties.

Am. Woolen.—§Co. declared regular quar. div. of 1¾ on pfd. payable Jan. 16 to stkholders of record Dec. 21. Books close Dec. 21, reopen Jan. 5. This is the 47th consec. quar. div. on the pfd. stk. equiv. to $82.25 a share to original holders, making aggre. $21,700,000 which exceeds original issue of pfd. stk. by $1,700,000.

Atchison.—†In 4 mos. to Oct. 31st, road earned 3.92% on its $165,518,000 com. stk. or at rate of nearly 12%. Current earns. are best ever reported by road. Last mo. gross amted. to $9,931,800, incr. $487,400 over prev. high mark. Ratio of working expen. reduced from 65.2% Oct. a yr. ago to 64.7% for last mo., with result that net incr. $223,180 or 6.4%. Owing to Oct. good showing, net for the 4 mos. amted. to $12,295,800, incr. $131,800. Officially est. chges. in this fisc. yr., incl. int. on $31,997,000 of 4% convert. bonds issued after June 31st, 1910, will approx. $12,739,300 or a monthly chge. of about $1,061,000. With earns. almost double div. requiremts. at present, and incr. in frt. rates in prospect, there is no justification for reduction in common div. *For 14½ yrs. expend. for bettermts. (incl. equipmt.) avged. little less than $9,000,000 per yr., while for last five yrs. they have avged. over $16,000,000. It is opinion of officers that in next few yrs. expend. should contin. to avge. $20,000,000 to $25,000,000, to meet never ceasing requiremts. In add. provide funds for const. of new mileage to extent of five to ten million per yr.

Atlantic Coast Line.—§Annual report for fisc. yr. June 30 shows consid. incr. in gross rev. and substantial gain in net. Gross for yr. $29,810,267, incr. $3,666,203; oper. expen. and taxes, $19,823,116, incr. $1,760,217; net earn., $9,987,150, incr. $1,905,985. After deducting int., rentals and miscel. chges., net amted. to $6,993,254, an incr. of $2,364,474. Pres. Emerson said wage incr. will add at least $1,250,000 per an. to oper. expen. §Co. decl. regular semi-an. div. of 3% on common stk., payable Jan. 10 to stock of record Dec. 17. (See "Equipment Notes.")

Baltimore & Ohio.—§Statemt. of earnings and expen. (excl. of outside oper.) for Oct., as comp. with Oct., 1909, shows: Gross, 1910, $8,168,817; 1909, $7,840,698; incr., $328,119. Expen., 1910, $5,901,783; 1909, $5,135,515; incr., $766,268. Net, 1910, $2,267,034; 1909, $2,705,183; decr., $438,149. For four mos. of fisc. yr., comp. with corres. period of 1909, statemt. shows: Gross, 1910, $32,684,444; 1909, $30,518,539; incr., $2,165,855. Expen., 1910, $22,670,330; 1909, $19,781,702; incr., $2,888,-628. Net, 1910, $10,014,114; 1909, $10,736,887; decr., $722,773. (See "Equipment Notes.")

Brooklyn Rap. Transit.—†Receipts show a satis. incr., and it is expectation that present incr., which amts. to over $1,000 per day, will be maintained. One reason why earn. show good incr. is that on Oct. 15th co. abolished giving free transfers at various points and many passengers now have to pay second fares. §Co. declared regular quar. div. of 1¼%, payable Jan. 3 to holders of record Dec. 10.

Brooklyn Union Gas.—†Co. is in position to decl. an extra div. An extra 10% div. would call for $1,800,000. Co. has upwards of $500,000 cash on hand and net work. capital of nearly $4,000,000. Earnings show large incr. over last yr. and are at the rate of about 10%. The more conserv. members of the board consider it unwise to make such disbursemt. at this time, and it is probable that shareholders will have to wait until next yr. before receiving the "extra."

Canadian Pacific.—§Co. has decl. quar. div. of 1¾%, and an extra div. of ¼ of 1% from proceeds of land sales, on its com. stk. In Oct. last it was voted to pay divs. on the com. stk. quar. instead of semi-annually, and this is the first in accordance with that resolution. *In first four mos. of current fisc. yr., co. has created a record of earnings. In this period road has shown 7% divs. on its $180,-000,000 com. stk. for 1910-11 fisc. yr. entirely earned. In this calculation allowance is made for 4 mos. fixed chges. only, and also takes acct. of 4 mos. "other income" as large as that earned during corres. period of last yr. For these first 4 mos. of 1910-11 fiscal yr., co. showed gross $37,669,128, gain $5,034,000, or 15.4% over corres. period of last yr. In 1900 road was earning less than that amt. of gross in entire 12 mos. Net to end of Oct. was $15,-593,000, gain $2,330,000, or 17.5% over same mos. last yr. Up to last yr., C. P. never earned as high as $15,000,000 net in entire first six mos. of its fisc. yr. Co. will require about $2,432,821 more for divs. this yr. than last. This makes allowance for incr. in rate of div. from 7% to 8% (1% paid from pro. of land sales), and also for incr. in capital stk. from $150,000,000 to $180,000,000 this yr. Last yr. 6½% was paid on $150,000,000 com. from net earnings of R. R. oper. and $417,179 expense was incurred as int. chges. on installmts. on new stk. subscrip. This yr. 7% will be paid from R. R. earnings on $180,000,000 stk., and int. chges. will be eliminated.

Central Leather.—†It is est. that gross for 12 mos. to Dec. 31st will exceed $7,000,-000 and that surp. for com. stk. will equal last fisc. yr., when $2,503,000 or 6.72% on com. stk. was earned. These large earnings were not wholly derived from the leather business. The co. by absorbing U. S. Leather gained control of vast timber lands from which profits are very large. †There has been dissatis. among com. stkholders. Leadership has been the missing factor, but is in sight through J. S. Bache & Co. In defining present position this firm says: "Com. shareholders demand incr. recog. on the board. Of the $39,-696,000 com. less than 3%, or 10,015 shares, stands in the names of the 15 directors. Against this J. S. Bache & Co. owns almost twice as much, or 18,465 shares. The lack of interest of directors in the com. is shown by statemt. that 11 of the 15 directors own but 1,926 shares of com., while five own none at all. †If the managemt. could have repeated last yr.'s showing of earnings there might be some reason for paymt. of common divs., but history of the leather business shows but one good yr. in five, and last yr. was the one good yr.

Chesapeake & Ohio.—§Co. has declared usual quar. dividend of 1¼%. *Announced that remainder of the $31,000,000 conv. 4½% bonds of C. & O. have all been sold by the syndicate. The greater part was placed in Europe. *Oct. net, in spite of fact that gross incr. $196,441, or nearly 10%. An incr. of about $90,000 in fixed chges. and taxes, due to new conv. bonds, brought decr. in surp. for mo. up to $251,706. For 4 mos. gross incr. $1,000,010, or 10%. There has been an incr. in oper. expen. of $1,000,203, or over 20%, and in fixed chges. and taxes of $534,000, or 27%, so that surp. has decr. $727,000, or 48%. This ratio contin. through yr. would mean reduced surp. $2,000,000, comp. with 1909-10.

Chgo. Great Western.—†In the 4 mos. of present fisc. yr. end of Oct., the road earned surp. after chges. of $518,000 comp. with surp. of $202,400 earned in corres. 4 mos. of last yr., an incr. of $315,600, or 156%. Gross for the period incr. $469,300, but owing to rising tide of expen., net contrib. only $115,000 to the incr., the bal. of incr. being due to reduction of $175,000 in chges. Last mo. gross earn. incr. more than $130,000, but working expen. were larger than yr. ago by $152,000, which resulted in net decr. of $21,700. Road is now earning a surp. at rate of 2% on its outst. pfd. Divs. at rate of 4% begin to accrue June 30th, 1914, and it is improb. that a div. will be paid prior to that time.

Chgo., Mil. & St. Paul.—†Business is just about up to a yr. ago, but owing to incr. in July and Aug., total for 4 mos. of this fis. yr. shows incr. of $740,000 over yr. ago. Oper. expen. up to end of Oct. incr. $1,580,-000, which is partly accted. for by incr. in maint. expend. of $372,000. Net earns. for the 4 mos. of present fis. yr. decr. $916,000, but despite this fact, St. Paul earned div. requiremts. for the period with a liberal margin to spare. *Well-informed interests are strongly of the opinion that present rate will be main., irrespective of whether or not incr.

in freight rates is permitted by the Inter. Com. Comm. *The constant incr. both in gross and net of the Puget Sound line must encourage shareholders of St. Paul. In first 3 mos. (Aug., Sept. and Oct., 1909) gross earn. were $2,503,969 and net $1,028,327. In first 4 mos. of this fis. yr., gross was $4,795,113 and net $2,224,425.

Chgo. & Northwestern.—§Co. has sold $15,000,000 gen. mtg. gold bonds, due 1987, to bear int. at 4% per an. As of June 30, 1910, outst. 3½% bonds under general mtg. of 1987 amted. to $30,271,000. Bonds owned by co. and due from trustees amted. to $19,792,000. Total auth. $165,000,000. Mtgage. provides that int. rate may be fixed at not to exceed 5%. Marvin Hughitt, chairman, says: "The bonds were sold to take care of oblig. maturing before June 1 and for corporate purposes. There are $6,000,000 bonds which must be paid between now and close of current fis. yr., and will be paid off in this manner. No proceeds of sale will be used for const. of new Rys. as they are amply provided for. *Co.'s physical condition is excellent and retrenchmt. will enable it to make both ends meet. A div. reduction is out of question, for co. has big surp., on which it could fall back, if necessary, in a lean yr.

Chgo. Traction.—*The reorg. comm. bought in all Consol. Traction property, for $1,425,000. There was no other bidder. Chgo. Rys. interests say everything will now proceed smoothly. Judge Baldwin's second injunction against disposal of securities on behalf of Yerkes interests was like fighting windmills, because there was nothing to enjoin after transfer had been consummated. What litigation remains is regarded technical.

Colorado Fuel & Iron.—*The last two yrs. have been of slow but steady improvemt. in affairs of the corp., profit and loss deficit of $1,229,932 swinging to a $983,554 surp. Starting with bal. on right side the ledger co. in another yr. with earnings equal to those for yr. just ended, would show after 8% in divs. on the $2,000,000 pfd., a bal. on com. equiv. to 3.7%. With accum. back pfd. divs. of $1,200,000 to be met before com. can receive consid. A return on the junior security is still quite distant. The consol. bal. sheet, incl. accts. of Col. Fuel & Iron, Col. Indust. and subsid. cos., shows real estate assets $57,650,115 and equipmt. assets at steel plant, coal mines, coke ovens, etc., of $28,082,010 and R. R. val. at $5,854,000. Total excess of assets over liab. or surp. on combined bal. sheet was $20,512,865. This, of course, is largely book surp., the readily avail. surp. being Col. Fuel & Iron's working capital of nearly $16,000,000. It is more than likely that co. will contin. policy of conserving liquid resources to provide for incr. of business in sight and not incr. already large funded indebtedness.

Colorado & Southern.—*Col. & So.'s developmt. on a broad scale commenced about five yrs. ago. Since 1905 road has enjoyed contin. growth in earnings, total rev. having incr. from $11,653,446 in 1906 to $16,777,981 in the late yr., a gain of about 44%, while bal. for $31,000,000 com. has grown from 3.5% to 7.3%. Consid. developmt. will be necessary during next few yrs., and earnings will be devoted to that end for a few yrs. probably, rather than go to stkholders. through incr. divs. In 1910, the bal. after paying the 2% div. on the com. stk., was $1,650,000, a sum sufficient to build 65 miles, at $25,000 per mile of the kind of road co. needs. §Co. decl. div. of 2% on the com. stk. for cal. yr. 1910, payable Dec. 31 to holders of record Dec. 21. This is same rate paid since disbursemt. on common stk. begun. (See Equipment notes, Hill roads.)

Columbus & Hocking C. & Iron.—*Chairman Keech, of reorg. comm., says 56,000 of the 70,000 shares com. stk. of the old co., practically all the 2,000 shares of pfd., and all but about 50 bonds have been deposited with the committee, and the first installmt. of $5 of the $10 assessmt. on stk. has all been paid. Application has been made to have the deposit certif., $5 paid, listed on Stk. Exch.

Consolidation Coal.—*Special meeting of stkholders. called for Dec. 12 to vote on prop. to incr. capital stk. from $20,000,000 to $25,000,000. Stkholders. of record Dec. 15 will be given right to subscribe to new stk. at par and also to $974,000 of treas. stk. at same rate. $4,400,000 of new stk. will not be entitled to divs. until Aug. 1 next. Co. reports for nine mos. end. Sept. 30, 1910, net earns. less depre. $2,602,269; surp. after chges. $1,325,363. Co. has sold $9,000,000 5% first mtg. bonds to a syndicate.

Copper Notes.—*Statemt. of what various prod. cos. can earn on 13c. copper on basis of normal prod.:

Anaconda	$1.90	Old Dom.	$2.45
Butte Coal.	1.00	Osceola	8.38
Cal. & Ariz.	6.00	Quincy	5.00
Copper Range	3.75	Shannon	1.00
Granby	4.00	Sup. & Pitts.	.90
Greene-Can.	.48	Tamarack	1.20
Mohawk	2.40	Tenn.	5.00
North Butte	2.20	Utah	4.40
Nev. Consol.	1.80	Wolverine	9.20

†An add. profit of 2½c. per lb. for copper would add $37,500,000 net profits to copper producers, and this would be equiv. of 6% on $625,000,000 of new capital. *The visible supply of copper in Europe on Dec. 1 decr. 350 tons from Nov. 15, placing it at 86,250 tons, against 86,600 on Nov. 15 and 105,740 tons on Dec. 1, 1909. Exports of copper from N. Y. for Nov. 29,097 tons, against 23,875 tons in Nov., 1909, incr. 5,222 tons. *According to James Lewis & Son of Liverpool consumption of copper in Europe for ten mos. end. Oct. 31 (except in Germany, where figures are for nine mos.), amted. to 617,238,720 lbs., an incr. of 73,225,600 lbs., or 13%, over corres. period of 1909; 36,220,800 lbs., or 6%, over 1908, and 166,904,640 lbs., or 37%, over 1907.

Crucible Steel.—§Co. has decl. regular quar. div. of 1¾% on pfd. stk., payable Dec. 24, to holders of record Dec. 12. *The co. controls the larger portion of crucible steel prod. in this country, and is at present oper. at about 70% of capacity. In Aug. of current

yr., the last mo. of fis. yr., some departmts. had more orders than they could fill. It is the same at present, some plants working full capacity, others running about half. For past few yrs., with exception of 1908, which showed a deficit of $520,025, co. has shown about same proportion of net earnings. The yr. end. Aug. 31, 1910, however, showed substantial incr. over 1909, approx. $2,000,000, and prospects are that net for current yr. will be fully up to those of last yr.

Denver & Rio Grande.—†In fis. yr. June 30th, gross earn. incr. approx. $2,500,000 over 1909 yr. Net incr. $1,251,000, or over 20%, while surp. for dividends amted. to $4,041,000, incr. over 1909 yr. of $1,104,000, or 37%. If we may include uncollected accrued int. on Western Pac.'s 2nd mtg. bonds held by D. & R. G., which co. chged. in its "income acct.," divs. were earned with surp. of $1,152,000 to spare. *Co. has declared regular semi-an. div. of 2½% on pfd. stk., payable Jan. 16. *For 3 mos. end. Sept. 30 surp. after chges. amted. to $859,085, or $3,436,000 per an. The 5% div. on pfd. calls for only $2,488,990. Surp. for the 3 mos. was $121,914, or 23.34% less than for corres. mos. of last yr. In past yr. Denver sold $4,000,000 additional pfd. stk. for Western Pac. purposes, increasing amt. outst. from $45,779,800 to $49,779,800.

Detroit United.—*Ten mos. earnings offer consid. encouragemt. to stkholders. 1910 promises to be one of the best in earnings co. ever had. Gross of $7,837,434 for the ten mos. were 17.4% larger than corres. period of 1909. Oper. expen. incr. approx. 20%. The surp. of $1,268,058 after chges. and taxes and incl. "other income" is equal to about 10% on $12,500,000 stk.

Erie.—*While gross rev. declined but $65,000 in Oct., net fell off $346,500. For four mos. gross gained on last yr. $1,337,000 and net $493,000. *Co. is said to have completed arrangemts. for finan. its note issue. The co. will pay off about $750,000 of the $5,000,000 issue and bal. will be extended. (See equipment notes.)

Equipment Notes.—†Conditions show a distinct improvemt. RRds. are figuring on rail requiremts. for 1911 on more liberal basis. Penn. R. R. has placed order for 150,000 tons steel rails, N. Y. Cen. wants 100,000 tons. Nor. & West. has placed orders for 30,000 tons; Louis. & Nash. 29,000; Erie 33,000, and At. Coast Line 20,000 tons. It is learned that Lehigh Val. will shortly order 10,000 to 15,000 tons. *Del., Lack & West. will soon order 30,000 tons steel rails, against 19,000 last yr. *N. Y. Cen. Lines have incr. orders for locom. for 1911 by 203, making total 323; N. Y. Cen., 137; Mich. Cen., 51; Lake Shore, 75; Big Four, 35; Chgo., Ind. & So., 25. Total, 323. †Am. Car & F., now oper. at about 100% cap., same may be said of Railway Springs and Pressed Steel Car. *Balt. & Ohio has ordered 50 all-steel pass. coaches, 30 built by Am. Car & F. and 20 by Pullman, to cost nearly $1,000,000. *James J. Hill said that his 4 roads together would not buy more than 75,000 tons of rail, against 245,000 for 1910; 3,000 fr. cars, against 11,000 last yr.; 20 locom., against 275 last yr. Mr. Hill referred to orders now in sight. Pres. Miller said Burl. will need 40,000 tons of rails for maint. before yr. is out. Prospects are that for period to end last of Dec. R. R. will take 2,000,000 tons of rails, of which bet. 400,000 and 500,000 tons will represent orders carried over from end of 1909. This is but 66% of the 3,062,000 tons prod. in 1909, and a dupl. of 1,921,000 tons prod. in 1908. *The Harriman roads are making inquiries for 196 locom. of all types, and contem. buying 100,000 tons of rail, comp. with 275,000 last yr. Decision regarding needs outside of locomotives not definite, as rail orders will be based on ordinary renewals. Roads have rec. only 2,000 cars of 12,000 ordered this yr., remaining 10,000 will string along until next summer. *50 steel cars, to cost $7,000 each, have been ordered by Pitts. Rys. Co. from Pressed Steel Car. *Reading Co. placed orders for 10,000 tons of steel rails with Penn. Steel Co. and 10,000 tons with the Bethlehem Steel Co. Balance of co.'s order for steel rails, which will amt. to from 10,000 to 20,000 tons, will be placed shortly. *Louis. & Nash. has let contract to Pressed Steel Car Co. for steel underframes for 1,200 steel cars the R. R. is building. Order involves approx. $480,000. Argentina has placed a $2,000,000 contract for cars with Harlan & Hollingsworth and Am. Car & Foundry Co. *Tenn. Coal & Iron reports orders for 10,500 tons steel rails from Nash., Chat. & St. L. and for 500 tons from Vicksb., Shreve. & Pac. Ry. Ill. Steel Co. reports orders aggre. 13,000 tons from different roads.

General Electric.—The co. is breaking all records with big margin to spare. Gross sales at present are at rate of $1,350,000 per week, or $70,000,000 per an. In the six mos. to June 30th gross sales were at rate of $71,000,0000. July and Aug. showed a further incr. of $800,000 over prev. two mos., but proved to be only temporary, and is again on same basis as in early mos. of the yr. For the year to end Dec. 31st, co. should easily earn $71,000,000 gross in the current fis. yr. after allowing for depre., working expen. and chges. at same ratio as last yr., the bal. for divs. should equal 13% to 14%. In last fis. yr. co. earned 9.9%. On June 30th $12,875,000 5% Gold Deben. may be conv. into stk. at par at option of the holder.

Goldfield Consol.—*Co. closed fis. yr Oct. 31 with gross output of $10,850,000 of gold, which makes it the largest single producer of gold in the world. Its divs. of $7,117,696 were also largest of any gold mining co. Net amted. to $7,396,611, or $287,915 in excess of divs. Co. closed yr. with about $1,400,000 cash in treas., in addition to which there was prob. bullion and concentrates in transit sufficient to make cash resources close to $2,000,000. Total oper. costs in Oct. were $290,230, which incl. const. chge. of $60,000. Incl. loss in tailings of $64,691, total oper. costs were $354,921. Net profit per ton was $27.71. *The regular quar. div. of 30 cents a share and usual extra div. of 20 cents a

share, were recently declared, payable Jan. 31 next, to stk. of record Dec. 31.

Granby Consol.—†The market recovery in Granby is fully justified, and there is every reason for a greater recovery. Co. is to-day earning better than $4 per sh., and every one cent adv. in price of copper adds $2 per sh. to earnings of the co. *A div. of 1% has been declared.

Great Northern.—†In first four mos. of present fis. yr. to end of Oct. gross showed decr. of $1,264,900, or 4% from corres. mos. of last yr. All this loss was suffered in July, Aug. and Sept., as figures for Oct. again displayed an upward tendency, incr. in that mo. amting. to $437,000. (See "Equipment notes," Hill roads.)

Great Northern Ore.—§Dividend of 50 cents a share is payable Dec. 1 to holders of record of that date. Books close Nov. 18, reopen Dec. 2. *This distrib. amts. to $750,000, the third made in 1910, making total of $1.50 per certif., against $1 paid in 1909. Almost all of G. N. Ore's rev. come from lease to the Steel Corp. It has received from that source $2,065,000 this yr., and perhaps $3,000,000 from all other sales combined. Of this, it has paid out $2,250,000 to certif. holders. Next Jan. trustees will receive from the Steel Corp. $2,865,000 in royalties, covering oper. of 1910, and a steadily increasing sum in subsequent yrs. follows.

Illinois Central.—*Atty. Horton of Ill. Cen. declared to the Ill. R. R. comm. in the coal rate case: "A surp. of $5,000,000 in our treas. in 1909 has dwindled to $240,000, and calamity stares us in the face if experts of shippers' associations are to be allowed to contin. to dictate freight rates." †Figuring other income on same basis as last yr., the road in 4 mos. to Oct. 31st failed to earn half yr.'s div. requiremt. by but $600,000. In other words, co. is earning at rate of 9%. Both gross and net are about the best in history of road. In 4 mos. to end of Oct., business showed incr. $1,470,000, or 7.6% over last yr., and while vol. of traffic on maj. of roads is now slackening, this has not proved to be the case with Ill. Cen., as Oct. business incr. $316,000, or about 6%. By reduction in ratio of working expen. to gross from 82.2% to 76.4% net incr. $1,432,860, or 44%.

Interborough. — ***Gross receipts show** smaller rate of gain than the fis. yr. end. June 30 last. For five mos. to Nov. 30 gross incr. approx. $240,000. This is at rate of slightly less than 2½% comp. with 9.3% for late fis. period. If applied to full yr. would give total gross for current fis. yr. $29,500,000. Nov. earn. incr. more than $3,200 per day, a gain for the mo. of about $97,000. This comp. with decr. of about $300 per day in Oct. and a Sept. gain of $90,000. Net earnings have been showing decr. comp. with a yr. ago. This will contin. through Dec. *Public service comm. approve plans for third-tracking elevated lines. Co. will now arrange for necessary finan. of $30,000,000 cost of the work.

Int. Merc. Marine.—*Estimate is made that yr.'s gross will show $35,000,000, and net approx. $6,500,000, with a final net, after fixed chges. of $3,000,000, or $3,500,000. The freight-rate situation is not, however, as promising as would be liked, though pasenger trade has been exceedingly good this yr.

Int. Silver.—§Co. has declared regular quar. div. of 1¼%, and an extra div. of ¼%, payable Jan. 2. Books close Dec. 19 and reopen Jan. 3.

Iowa Central.—*Annual report for fis. yr. end. June 30 shows incr. in revenues from all classes of transp. Gross amted. to $3,361,282, incr. $345,635, or 11.46%; oper. expen., $2,593,343, incr. $121,671, or 4.92%; while net earnings were $669,414, an incr. of $214,543, or 47.17%. After deducting all rentals, chges., etc., there was a deficit for yr. of $26,663 which was an incr. of $227,520, or 88.29%.

Kansas City, Fort Scott & M.—§The usual quar. dividends of 1% on the pfd. certif. of the co. will be paid Jan. 3. Books close Dec. 17 and reopen Jan. 4.

Kansas City Southern.—*Earnings for first quar. of present fis. yr. indicate gain in gross of $420,765, or approx. 20% over those of corres. quar. last yr. and $276,606, or about 40% in net, the same periods compared. The managemt. has at its disposal $11,000,000 additional ref. and improvemt. mtge. bonds out of the issue of $21,000,000 auth. in July, 1909. These are issuable at rate not to exceed 5%, and whether all or only a part will be issued, and at what rate, will depend of course to some extent on conditions then prevailing.

Laclede Gas.—§Co. has decl. the regular quar. div. of 1¾% on com. stk. and the regular semi-an. div. of 2½% on pfd. stk., payable Dec. 15 to holders of record Dec. 1.

Lehigh Valley.—§Co. reports earnings to N. Y. Stk. Exch. for three mos. ended Sept. 30 as follows: Total oper. rev., $9,024,981; total oper. expen., $5,773,233; net oper. rev., $3,251,748; taxes, $276,600; oper. income, $2,975,148; other income, $215,177; total income, $3,190,326; int., rentals, adds. and bettermts., etc., $1,807,207; surp., $1,383,118. P. and L. acct.: Bal. July 1, 1910, $27,219,779. Divs.: 5% on pfd. stk. and 3% on com. stk., paid July 14, 1910, $1,215,359; miscel. adjustmts. (debit) $8,241; bal., Sept. 30, 1910, $25,996,179. *Oper. in 1902 fis. yr. resulted in deficit of $1,332,700. Of course, no divs. were paid. Co.'s stk. sold for less than $30 a sh. In last fis. yr., including concealed earns., road earned surp. of over $9,000,000 for divs., equal to more than 22% on com. stk. This mo. stk. will be put on a 10% or 12% basis and has sold as high as $121 per sh. this yr. In 1902 it cost 81c. to make a dollar. Since that time road has been practically reconst., more than $70,000,000 being expended out of earns. alone on improvemts. and bettermts. Result is that it now costs less than 60c. to make a dollar. Altho gross has expanded $11,895,000, or 49%, "Conducting Transp." costs have incr. only $1,463,000, or 14%. §N. Y. Stk. Exch. has approved the application to list $60,501,500 of its stk. The issue first traded in on the Exch. Nov. 28. (See Equipment notes.)

Louisville & Nashville.—*In first 3 mos.

of this fis. yr. road spent $2,293,000 for maint. of way and $2,465,000 for equipmt., an incr. in the two items of $1,440,000, or $4,325,000 per an. To keep pace with growing traffic, and get into sections where there were no R. R., it has been putting large sums into property in reduction of grades and const. of new mileage. A large share of this has been borne by the maint. accts. Such expend. are under control and no danger to safety of the div. For the 3 mos. Louisville devoted 71% of rev. to current oper. costs, excl. of taxes, while it used but 60% in first quar. of pre. yr. Ownership of 71.7% of the $10,000,000 capital of Nash., Chat. & St. L. by L. & N. represents an equity of incr. val. L. & N.'s share in its subsid. co.'s earnings for yr. ended June 30 last equaled 1.8% on its own $60,000,000 stk. As a result of Nash., Chat. policy paying but 50% of net in divs. a surp. has been accumulated, after liberal appro. for maint., amting. to over 60% of capital stk., or $6,202,751. Furthermore road has quick assets of $6,059,744, as against current liab. of $2,109,338, and cash amting. to $2,312,144, or over 20% on its capital stk. L. & N.'s share of this undivided surp. amts. to $4,447,372, equiv. to 7.4% on this total capital stk. Nash., Chat. & St. L. could be called upon for entire L. & N. div. †In first 4 mos. of present fis. yr. to end of Oct. co.'s gross business amted. to $18,302,000, incr. $1,377,284, or 8.1% over corres. 4 mos. of 1910. Oct. gross incr. $220,000 and statemt. for Nov. will show about same incr. (See Equipment notes.)

Minneapolis & St. Louis.—*Report for yr. end. June 30 co. reports largest gross in its history. Rev. from all sources $4,945,391, incr. over prev. yr. $774,075, or 18.56%. Oper. expen. also incr., amting to $3,418,509, or 20.13% more than previous yr. Net oper. revenue $1,301,502, incr. of $168,137, or 14.83%. Fixed chges. $1,368,270, decr. of $23,730, or 1.70%, and bal. of income aggre. $77,937, incr. $174,958. The profit and loss surp. was $1,080,564.

Missouri Pacific.—*Annual report will show about $2,500.00 in excess of chges. earned in last fis. yr. With the lean mos. now at hand, the decr. of $848,000 shown for past 3 mos. cannot be regained. In addition co. will have to pay in chges. on first and ref. bonds $700,000 more than in fis. yr. 1910. Sale of $29,000,000 first and ref. bonds last Jan. put co. in funds for this calendar yr. Present plans call for improvemt. and bettermts. $10,000,000 per an. Early in 1911 it may be necessary to raise this amt. by sale of additional bonds or suspend work for a time. Bet. $8,000,000 and $10,000,000 will cover requiremts. for 1911, as this represents max. of improvemt. expend. in any one yr. consistent with economy of oper. and undue disturb. of traffic. *Oct. report shows decr. in net $479,537, after a decr. in gross of $26,000. In four mos. net decr. $1,328,364 and the surp. even more, as fixed chges. have incr.

National Biscuit.—*The fis. yr. to end Jan. 31st gross sales will prob. amt. to $46,500,000. Last fis. yr. gross was $42,700,000. Net profits for several yrs. have been at rate of nearly 10% of gross. In 1909 9.31%; in 1908 to 9.78%; in 1907 to 9.81%. Should net in present yr. maintain same ratio should amt. to $4,500,000. On this basis, and allowing $1,736,300 for pfd. div., co. should earn for com. $2,760,000, equal to about 9.3%. Owing to incr. in business, co. will erect new plants at Kan. City and Houston, Texas. Former will cost $1,000,000, with capacity of 700 barrels flour daily, latter $400,000, with capacity of 300 barrels daily. Finan. condition of co. is excellent, and these two new plants will not necessitate new finan. of any sort.

Nevada Consol.—*Estimated output for Oct. 5,250,000 lbs., incr. approx. 100,000 lbs., as comp. with Sept., but a decr. of 802,621 lbs. comp. with Aug. †With paymt. Dec. 31st of quar. div. of 37½c. a sh. just decl., co. will have disb. to stkholders approx. $3,731,000 in a little more than a yr. For year 1910 co. will prob. show prod. of slightly over 64,000,000 lbs., est. Nov. and Dec. Nevada for 1910 will show cost of prod. about 7c. per lb. §Co. has declared usual quar. dividend of 37½c. a share, payable Dec. 31 Books close Dec. 9 and reopen Dec. 19.

Norfolk & Western.—†Co. has $68,904,000 com. stk. outst. on which it is paying divs. at rate of 5%. In first quar. of present fis. yr., after deducting pfd. divs. for the period, earned over half a yr.'s divs. on the com. stk. In other words, N. & W. is earning more than double its div. requiremts. at present time. Co. is enjoying largest business in its history. Gross for 3 mos. to Sept. 30th amted. to $9,290,800, incr. of $390,000 over corres. mos. of 1907 yr., in which period the prev. high record was set. Prac. all incr. is due to larger frt. receipts, passenger business being comparatively small. *Road earned 3.66% on common stk. during four mos. end. Oct. 31, or at rate of 10.98%, comp. with 11.58% last yr. (See "Equipment Notes.")

North American.—*Income of co. will be incr. because of adv. in div. rate of Detroit Edison Co. Detroit Co. is largely incr. both gross earns. and surp. For ten mos. end. Oct. 31, incr. in surp., after chges., amted. to $180,695, equal to 64%. Co. began paymt. of divs. in June, 1909, at rate of 4%. Earnings have been such that the co. has auth. paymt. of divs. at rate of 7%. The Nor. Am. needs this addl. income, as for last few yrs. has not been such as to justify paymt. of 5% on its own stk. A 4% rate would have been high. The only income co. has is from Detroit Edison and its two Milwaukee cos. Its holdings of com. stk. of United R. R. of St. Louis will be unprod. for yrs., as that co. has been forced even to pass its pfd. div. The two Milwaukee cos. appear to be making almost as much progress as Detroit Co.

Northern Pacific.—*Earnings were fully as bad as predicted. Loss in gross was $1,424,193, and oper. income, $1,093,194. The most disastrous mo. co. has had in several yrs. In first quar. heavy loss in gross was due to unfav. pass. revenue comp. with 1909, when the Seattle Exposition was making busi-

ness. The decr. of over $1,000,000 in freight rev. was serious. For first 4 mos. of new yr. gross decr. about $3,500,000 and net $2,900,000, the latter being equal to 30%. Even these extraord. losses do not endanger div. on the stk., for from July 1 to Oct. 31 the income was sufficient to pay all fixed chges. and rentals for entire yr. and leave bal. of over 1% for the stk. (See "Equipment Notes.")

N. Y. Central.—†Of N. Y. Cen. itself there is no doubt that the 6% div. for 1910 will be earned in full, though with a small margin. To pay 6% of $223,290,000 stk. in 1910 requires $13,397,400, while 5% on $178,632,000 stk. in 1909 required only $8,931,600. The incr. requiremt. is $4,465,800. Cen. had surp. of $4,763,820 after 5% divs. in 1909, while net income from oper. will not be reduced more than $2,000,000 in 1910, and there will prob. be no incr. in fixed chges. because int. on equipmt. trusts and bonds of leased lines issued will be offset by mat., on March 1 last, of $25,000,000 three-yr. 5% notes paid out of proceeds of stk. issue in Jan. These changes in income, measured against incr. div. requiremts., indicate a surp. of at least $1,000,000 after divs. for 1910. Of course, the 6% divs. on this showing is not assured, and doubt as to its contin. is warranted. *J. P. Morgan purchased and subsequently resold, an addl. $7,500,000 4½% equipmt. trust certif. This sale completes the $30,000,000 auth. issue, $22,500,000 having been disposed of earlier in the yr. (See "Equipment Notes.")

N. Y., New Haven & Hart.—*During fis. yr. end. June 30 the N. H. system, employing 33,096 persons, paid out 38% of gross rev., or $23,899,607 for wages and salaries, while Boston & Maine during same period paid $19,899,330, or 45%. Consid. jointly these two roads employ 61,017 persons, to whom was disb. $43,495,937 in wages during past fis. yr. Rail requiremts. of N. H. next yr. will be bet. 18,000 and 23,000 tons, against 15,000 tons during 1910. This will be sufficient for road's 2,300 miles of roadbed. At current flat market quo. of $28 per ton, N. H. and B. & M. orders would represent expend. of $1,680,000.

N. Y., Ontario & Western.—†While maj. of railroads show. decr. in net and surp. comp. with last yr., this road in 3 mos. end. Sept. 30th recorded incr. in net 34.4%, while surp. for the period incr. 36%. Record made despite fact that chges. showed a large incr. In last fis. yr. road earned surp. for divs. $1,312,700, equal to 2.62% on common stk. Surp. this yr. are at rate of nearly 5%. Earns. for last fis. yr. were record breakers, but so far this yr. show further expan. of 12.5%. Ratio of oper. expen. to gross reduced from 67.7% for first 3 mos. of 1910 yr. to 62.3%, so net incr. $246,500, or 31.3%. The co. is disb. divs. at rate of 2%, making yrly. requiremts. $1,162,000. It has been rumored that rate would be incr. to 3%. If this should prove true, N. Y., N. H. & H., which receives $600,000 per an. thro. ownership of 51% of the stk., would receive an addl. $300,000 yrly.

Oregon Short Line.—*Closely following incorp. by the U. P. interests of the Oregon-Wash. R. R. & Nav. Co. with $50,000,000 capital stk., to take over U. P. lines in Washington and Oregon, creating a blanket mtg. of $150,000,000 on these lines, it is learned that Oregon Short Line R. R. is also planning a bond issue to cover lines of the U. P. in Utah, Idaho and Montana. The O. S. L. bond issue will be sufficient to cover const. of new lines and other improvemts. in that territory for many yrs. It may be stated on good auth. that none of the U. P. lines is planning to offer for sale any new bonds. The O. S. L. owes consid. money to U. P. for advances made for new const., improvemts., etc., but cash resources of parent corp. are such that it is not in need of repaymt. for these loans. U. P. will have 3 different blanket mtgs. available for its needs. Oregon-Wash. R. R. & Nav., the Oregon Short Line and the present ref. mtg. of U. P. The first lien and ref. mtg. of U. P., created in 1908, is $200,000,000, against which $65,302,000 bonds are now outst. That leaves approx. $135,000,000 still available. With proposed new issues U. P. will have at its disposal bonds of prob. $400,000,000.

Pennsylvania.—*The quar. div. due Nov. 30 was paid to 64,869 stkholders, of whom 30,327 were women, and foreign stkholders 9,360. Amt. of div. paid is $8,189,160. *The Penn. steel rail order of 150,000 tons is about 25,000 larger than expected. This steel rail order has large importance. It represents close to 10% of all the steel rails ordered by R. R. of the U. S. since Jan. 1, 1910. At $28 per ton order represents $4,200,000 of new business divided among five cos. This is in accordance with policy of Penn. to give its orders to industries located in territory it serves. It may be assumed that about 40% to 50% of the 150,000 tons will go to the Steel Corp. †The fis. yr. ends with close of Dec. and indications are that co. will earn approx. 10% on its $412,000,000 stk. outst. Gross for the full fis. yr. will be largest in history of co. with exception of 1907, and will amt. to over $165,000,000. In last fis. yr. co. earned $153,564,000 gross. Above est. of $165,000,000 gross allows for decr. in two mos. yet to be reported $300,000. We figure that net for full 12 mos. will amt. to little over $41,100,000. Last fis. yr. co. earned $41,661,000 net, so that our est. allows for loss in the two mos. $1,324,000. Int. chges. will be mat. less. About $95,000,000 debt has been replaced with stk., which should cause saving of approx. $4,500,000. Div. requiremts. have been incr. over $5,000,000 this yr. by issuance of about $93,000,000 new capital stk. (See "Equipment notes.")

Pressed Steel Car.—*It is expected gross sales will show incr. of bet. 12% and 15% over 1909 yr. and net profits will show a small incr. over $719,522 manuf. profits earned last yr. If net profits take care of $150,000 to $200,000 depre. chges. and the $875,000 7% pfd. div., results will be entirely satis. In 1909 co. reported net profits $1,954,539, but $1,200,000 of this was made up of profits through sale of Canada Car Co. stk. This was an outside profit and could not be duplicated during cur-

rent fis. yr. The actual net profits in 1909 of $719,522 were not within $283,000 of amt. required to pay pfd. dividend after depre. had been deducted. It is very seldom even in the equipmt. business that three poor yrs. follow one another. In a broad way 1910 has been a yr. of six mos. fair earnings up to July 1, then an almost complete cessation of new orders and a steady using up of orders on hand, until at present co. does not have more than a few weeks of forward business. (See "Equipment notes.")

Republic Steel.—*Co. has been doing a good business, the feature having been contin. decr. in costs. Earnings in current yr. will be consid. in excess of div. requiremts. For yr. end. June 30 there was a bal. of $1,231,120 for divs. on com. stk. of $27,191,000, or 4.53%. Oper. have been consid. above the avge. It is well fortified in working capital. Its annual capacity of pig iron is 1,150,000 tons and finished prod. 900,000 tons. †Co. has within ten days incr. running of big steel mills at Youngstown from 65% to 90% based on business reflected in orders. *Co. has decl. the regular quar. div. of 1¾% on pfd. stk., payable Jan. 2, 1911. §John W. Gates said that the co. will spend $15,000,000 for exten. and improvemts. at Youngstown plant in addition to $10,000,000 now being expended, to prepare for trade anticipated from opening of Panama Canal. *Co. has in its treas. $15,000,000 bonds and it is not believed that it would find difficulty in finan. const. of a new mill. (See "Westinghouse.")

Rock Island.—For yr. end. June 30, 1910, R. I. lines, after paying their own chges., earned surp. of $4,747,881 for the R. I. Co. Already in 3 mos. of current yr. R. R. lines decr. by $1,100,000, and while this rate of decline prob. will not contin., the decr. for yr. in full is not likely to fall short of $2,000,000, leaving less than $3,000,000 surp. for the R. I. Co. The security on which a yr.'s results are most fully reflected is the pfd. stk. of the R. I. Co. With chges. for carrying control of Frisco eliminated, the fixed chges. of R. I. Co. for a yr. now amt. to about $3,250,000. It appears, therefore, that hardly any surp. will remain for R. I. Co's pfd. stk. In fact, the stk. is either "prince or pauper" as result of the unique finan. structure of the R. I. system. *Oct. statemt. shows the impossibility of declaring a div. on the pfd. next yr. In 1909-10 only about 2% was earned on the stk. Oper. for first four mos. of this yr. show a decr. in net of nearly 20%, or $1,403,000. Oct. net was off $300,000.

Seaboard Air Line.—*Results of oper. of rail and water lines for yr. end. Oct. 31, 1910, corres. to first full yr. during which adjustmt. bonds have been outst. Gross rev. was $21,356,000; total income, $6,450,000. After deducting rentals, etc., $174,000, there was left appl. to int. chges. $6,276,000. Of this amt. int. other than adjustmt. bonds required $3,300,000, leaving avail. for adjustmt. bond int. $2,976,000. Deducting int. on adjustmt. bonds for full yr., $1,249,000, leaves surp. $1,727,000. Exec. comm. has recommended decl. of full six mos.' int. of 2½% on adjustmt. mtg. bonds payable Feb. 1.

Sears, Roebuck Co.—*Directors in voting a $10,000,000 stk. div. proves a yr. of unprecedented business. On basis of results for 9 mos. end. Sept. 30, it is est. that gross sales for full yr. will equal $60,500,000, an 18% gain over prev. record yr. of 1909. With exception of 4½% divs. paid in 1909, the 33⅓% stk. issue will be the first distrib. of any kind to holders of the $30,000,000 com. stk. since incorp. in June, 1906. There is $9,000,000 pfd. now outst. receiving divs. of 7%. Following panic of 1907 sales fell off heavily, the drop amting. in following yr. to approx. $10,000,000, or 20%, so that earnings on common amted. to but 4.5%. By 1909 (the fis. period having been changed to conform with cal. yr.), the loss in gross had been more than recovered, and with expen. reduced co. was able to show bal. for com. stk. of $5,522,986, equiv. to 18.4%. Surp. acct. on Jan. 1, 1910, stood at $9,560,475, which with the large surp. which has been piling up during current yr., should leave a credit bal. of several millions after the $10,000,000 addition to capital. §Co. declared regular quar. dividends of $1.75 a share on pfd., payable Jan. 1 to stk. of record Dec. 15. *Nov. gross earns. of co., amting. to $7,870,000. This is 20% over last yr. Dec. earns. are running at same rate of incr. over 1909.

Southern Pacific.—*One of the largest deals of the kind in history of the West was closed when 600 miles of the Pac. Electric Ry., together with power plants, cars and other equipmt. will formally pass to control of So. Pac. Coupled with ownership of the Los Angeles Pac. R. R., So. Pac. will control practically all interurban lines centering in Los Angeles, approx. 700 miles. §The co. has decl. the regular quar. dividends of 1½%. †The loss of $175,000 in gross earns. in Oct. is the first decr. reported by that road since 1908, while loss of $721,000 in net is largest shown for a long time. As cost of labor, mat. and supplies is higher than a yr. ago, the showing in the first 4 mos. of present fis. yr. is quite creditable. Of the decr. in net of $1,215,000 approx. $625,000, or over one-half, was due to higher taxes and incr. maint. expend. In last fis. yr., excl. Wells-Fargo stock, which it sold, co. earned 11.32%. Even if earns. for remainder of yr. should contin. to show present rate of decr., surp. would equal 9.75% to 10.50% of co.'s capital stk. (See "Equipment notes," Harriman lines.)

Southern Railway.—*Reports of resumption of divs. prob. arose from fact that co. has been making an excellent showing for mos. past. In fis. yr. end. June 30th surp. of $5,704,000 was shown, equal to 2½% on com. stk. after allowing 5% for pfd. In 3 mos. of present fis. year to Sept. 30th, gross incr. $1,000,000, or more than 6%, and despite fact that cost of labor for period was $500,000 larger than last yr. and maint. expend. were $340,000, net earns. were slightly ahead of corres. mos. of 1909. The co. has been able to make comp. good showing in face of adverse conditions, simply because managemt.

has buried millions of dollars into the property in past two yrs. for improvemts. and bettermts., in order to handle a large and constantly growing traffic with fair margin of profit.

St. Louis Southwestern.—*Directors declared semi-an. div. of 2% on pfd. stk., a reduction of ½ of 1%. It was explained that while gross showed consid. incr. over last yr. expen. of oper. have incr. in disproportion. and directors consid. it prudent and conserv. to declare 4% rather than 5%.

Tennessee Copper.—†Stockholders will now receive divs. beginning next mo., when $1.25 per share will be declared, and we are informed officially that it is the purpose to pay quar. divs. thereafter. Managemt. figures that allowing for all contingencies co. can easily earn $5 per share in 1911, even if copper does not sell above 13c. With adequate working cap. there is no reason why prac. all earnings should not go to stkholders. *Co. having disposed of large portion of $1,500,000 first mtg. 6% bonds, are offering bal. at par and int. Bonds are dated Dec. 1, 1910, and mature in serial instalmts. Dec. 1 of each yr., as follows: $150,000 each in 1911 and 1912, $200,000 each in 1913 and 1914, $250,000 each in 1915 and 1916, and $300,000 in 1917. The entire issue redeemable at 103 and accrued int. on any int. date, on sixty days' notice. A letter to bankers by Pres. Lewisohn states that actual physical property has an est. value of over $10,000,000. Net earn. during past 8 yrs. have avged. 5½ times max. int. chges. on these bonds, which are issued to refund $600,000 3 yr. notes and $350,000 5% bonds, and provide for other corporate purposes.

Third Ave.—*Pub. Serv. Comm. has denied application of Third Ave. Ry. for reorg. under plan recently submitted. The comm. said that the bondholders' comm. had failed in its second application to meet requiremts. specified by the commission when it first disapproved of the plan on July 29 last. Property worth not more than $35,000,000 to $40,000,000, against which there are nearly $18,000,000 liab., leaving net, say, $17,000,000 to $20,000,000 of property, does not justify issuance of $55,000,000 securities, even though $8,000,000 to $10,000,000 of these securities be used for improvemts. and other necessary expenses.

Toledo Railways & Light.—*Not much progress is being made in straightening out affairs of co. Some street railway franchises have already expired and others will expire within next few yrs. The city auth. and co.'s managemt. have not yet agreed upon terms for renewal of franchises. Co. contin. to spend more money on its property and in time this should have effect on earns. For the nine mos. end. Sept. 30, gross earn. were larger by $197,211 than for corres. period of 1909, but net earn. were smaller by $22,305.

Toledo, St. Louis & Western.—Annual report shows gross rev. from all sources of $3,772,636, against $3,428,644 in prev. yr.; expen. and taxes $2,549,919, against $2,226,431; net earnings $1,222,717, against $1,202,213. Surp. after chges. and div. $351,444, against $540,190 in 1909.

Twin City Rap. Transit.—§Co. has declared regular quar. dividends of 1¾% on pfd. and 1½% on com. stk., both payable Jan. 3, the pfd. stk. of record of Dec. 16 and com. stk. of record of Dec. 12. *After chges., incl. taxes, int., divs. on pfd. stk. and rentals, co. for ten mos. end. Oct. 31 had a surp. of $1,866,904, equal to 9.28% on the $20,100,000 com. stk. This surp. is an incr. of 11.46% over corres. period of last yr. For yr. end. Dec. 31 it is expected co. will show bet. 11% and 12% on stk. before depre. chges. Last yr. $703,000 was chged. off for this, and while that was liberal, 1910 will be even larger. Last yr. divs. on common stk. amted. to $1,055,250, equal to 5¼%. The rate was raised to 6% in Dec., 1909. This yr. $1,206,000 will be needed, as the 6% rate has been paid throughout the yr. It is stated there is no foundation for report that 7% will be paid next yr. The $90,000 first mtg. 7% bonds, due this yr., are being taken care of by exch. for first consol. mtg. bonds, and the $242,000 5% consol. mtg., due next yr., will be provided for in a similar way.

Union Bag & Paper.—*Unusual conditions of trade have been encountered during current yr. Prices exceptionally low and competition keen, but now conditions are becoming more settled, with prices firmer. Profits for whole yr., to end Jan. 31, 1911, are expected to be slightly in excess of last yr., when $1,055,400 was earned. Working capital does not incl. deduction from assets of oblig. on acct. of purchase of properties, which, if incl. in current liab., would lessen working capital by perhaps $300,000 a yr. All plants are working full time, but, despite this, are somewhat behind in deliveries. This condition of affairs, with firmer prices prevailing, is encouraging and outlook appears brighter than for mos. past.

Union Pacific.—†Co. is adding steadily to its finan. strength. When the surp. of $115,796,647, and the $57,985,940 of Northern Sec. profits are consid. as capital in which there is no capital liab., it is apparent why U. P. can pay 10% more easily than majority of R. R. can pay lesser rates. Another import. element of val., reflected in larger earns. in the future, is $46,620,519 advances, on June 30, 1910, for new lines under const. †Reports that nego. between Paris bankers and bankers of U. P. in N. Y., with view to having stks. of the road listed on the Paris Bourse, have fallen through are entirely correct. (See "Oregon Short line" and "Equipment notes.")

U. S. Cast Iron Pipe.—*Since May of this yr., co.'s oper. have been about 75% of capacity, the rate at present time. Co. controls about 75% of the pipe prod. of the country, and with normal demand for its product, earnings should be sufficient to pay 7% on pfd. stk. Co. has paid com. div. as follows: 1905, 1%; 1906, 4%; 1907, 4%. No com. divs. paid since 1907. §Co. has decl. usual quar. dividend of 1¼% on pfd. stk., payable Dec. 1 to holders of record Nov. 21.

U. S. Steel.—*Earnings have been favorable notwithst. steady decline in oper. since first of yr. Net for current yr. will run close to $147,000,000. Based on earnings for entire yr., with 4th quar. est. at $31,000,000, corp. will close 1910 with a surp. of $67,567,000 avail. for divs. on com. stk., approx. 13½%. †The tonnage report for Oct. shows reduction of 286,157 tons, lowest point in history of co., but there has been a great improvemt. in steel business lately. †R. R. of the U. S. have to-day 45,000,000 tons of steel rails in use. The normal life of a steel rail is 15 yrs., so that allowing such life it would indicate a demand for 3,000,000 tons of steel rails per yr. for necessary replacement alone, to say nothing of new const. The life of a 100-lb. steel rail on main line of the Penn. and New Haven R. R. is but 7 yrs., so that allowance must be made for a good portion of rails in use having a much shorter life than 15 yrs. R. R. may not be contemplating much new const., but steel manuf. know that they will be compelled to order heavily of rails whether they want to or not. *Corp. has been given an option on 6,000 acres of coal lands in McDowell county, Va. Consid. $500,000. Co. has closed an option on 12,000 acres of Empire Coal Land Corp. Product of these mines is for coking purposes. *The Carnegie Steel Co., of U. S. Steel Corp., has turned out the first briquette made from ore dust. The briquette will be conv. into pig iron, and thus is solved the conservation of ore dust, which has been wasted. Millions of dollars will be saved. *Nov. report issued gave total unfilled orders on hand 2,760,413 tons, comp. with 2,871,949 tons on Oct. 31 and 3,158,106 tons on Sept. 30. (See "Equipment Notes.")

Utah Copper.—†Earns. for yr. will be about $4,000,000. The divs. from Nevada Consol. for yr. are est. at $1,100,000, a total of more than $5,000,000. During first quar. of yr. Utah did not have benefit of Boston Consol.'s mill, nor receive div. from Nevada. These would still further incr. profits. *Output for Oct. was 7,582,219 lbs., incr. 505,184 lbs. over Sept. prod. §Co. decl. regular quar. div. of 75c. a share, payable Dec. 31. Books close Dec. 15 and reopen Dec. 21.

Wabash.—*Showing for Sept. is especially good as gross incr. 7.59%, while expen. incr. but 6.80%. Net incr. 9.06%. In July, gross incr. only 4.73% and Aug. 5.06%. Expen. for respect. mos. incr. 12.01% and 7.41%, while in July net decr. 12.71% and Aug. incr. but 1.12%. The three mos. showed gross incr. $432,000 or 5.83%, and a net incr. $7,300, or 0.29%. The fact that net showing for first quar. makes an even break with corres. period of last yr. is encouraging inasmuch as a similar showing has been made by a few roads. In past nine mos. gross earns. incr. $1,878,996, an avge. of 9.43% over first nine mos. of 1909, expen. incr. $1,390,804, or 9.62%, and net $487,893, or 8.93%. In only 3 mos. have net earns. shown decr., amting. to $246,099. In other six mos. net incr. was $733,992.

Western Maryland. — *Including "other income," total avail. for fixed chges. for period July 1 to Sept. 30 amted. to $832,399. Assuming that one-quar. of annual fixed chges., rentals, etc., or $546,000, is chargeable against this quar.'s income, bal. for pfd. divs. in the 3 mos. amted. to $286,399, or $186,399 in excess of $100,000 needed to provide for quar. div. of 1% on the $10,000,000 pfd. This showing for Sept. quar. follows an even better showing for half yr. end. June 30 last. Gross for Sept. quar. incr. 15.6%, while the six mos. end. June 30 incr. 27.4%. Expen. incr. resp. 14.6% and 10.2%, while net incr. 17.2% and 53.0%. Oper. ratio in recent quar. was 59.5% and in the six mos. only 58.5%. In first nine mos. of the new co.'s oper., surp. of $930,928 after fixed chges., rentals, etc., was shown. This after deducting three quar. div. of 1% on pfd. leaves bal. equiv. to 1.26% on the $50,000,000 com. issued, of which $25,000,000 was recently sold to provide funds for new exten., and is therefore not yet earning any revenue. On original $25,000,000 capital bal. for com. is equiv. to over 2%. It is officially announced that road will place order, within sixty days, for 20,000 tons of open-hearth steel rails, for 1911 delivery. The rails will cost $30 a ton, or $600,000.

Westinghouse.—*Switch & Signal Co., which closes yr. Dec. 31, will show most fav. report on record, gross over $6,000,000 and net over $1,250,000. This is several times larger than two prev. yrs., and exceeds by $1,000,000 prev. yrly. gross record. Machine Co. for yr. to March 31 will also show gratifying results. During present yr. orders have been very large, and in Oct. co. reported record-breaking shipmts., representg. about $600,000. Electric Co.'s business has been phenomenal. This will be reflected, not only in next yr.'s an. report, but also in resum. of divs. on all co.'s stks. In 7 mos. of current fis. yr. orders received were $26,000,000 and shipmts. about $22,000,000. Management now seems sanguine of exceeding by several millions the former est. of $40,000,000. Finan. co. never was in better condition. As of July 31, last, the cash position of Air Brake was strongest in its history and hardly a possibility of being a borrower during coming yr. Net earns. past yr., $4,653,102, or 30.16% on $14,000,000 capital, largest ever shown. *The Electric Co. secured contract from Rep. Iron & Steel for seventy-nine crane and mill motors, aggre. about 5,000 horse power to be used in the Republic co.'s mill at Youngstown.

Wheeling & Lake Erie.—*Oct. gross earn. decr. 1.18%, oper. expen. incr. 4.77% and net decr. 14.46%. Co.'s report shows that maint. of way and structure expend. incr. 46.38% and this to a great extent accts. for poor showing for the mo.

INQUIRIES

WE DO NOT GIVE ADVICE OR OPINIONS UPON SECURITIES OR PROBABLE MARKET MOVEMENTS, EXCEPT AS MAY BE IMPLIED IN THE "MARKET OUTLOOK" OR THE "BARGAIN INDICATOR."

This department is to answer miscellaneous questions in regard to the science of investment, methods of operating, the customs of the markets, etc. Please write questions briefly and, if personal reply is desired, enclose stamped and self-addressed envelope. Address INQUIRY DEPARTMENT.

Opportunities in a Dull Market.

A. M.—Undoubtedly the article you refer to is one of Rollo Tape's first series, entitled "Opportunities in a Dull Market." It was printed in The Ticker, Vol. IV, May number, and is included in the volume called "Studies in Tape Reading," price $3.06, postpaid.

Dividends on Part Paid Stock.

C. E.—The owner of stock on margin receives the same dividends, whether regular or special, in stock or in cash, as though he had paid for the stock in full. He is the real owner of the stock, and is merely borrowing from his broker part of the money necessary to pay for it.

"Big Four" and "Big Six."

J.—The term "Big Four" is often applied to the four stocks which have in recent years been the most active in the market, namely, Union Pacific, Reading, United States Steel, and Amalgamated Copper. The term "Big Six" is often used to include the above stocks and also St. Paul and American Smelting.

Average Prices of Bonds.

A. F.—We do not know where a composite chart of bond prices can be obtained. Roger W. Babson includes in his service for investors a weekly desk sheet which carries a monthly average price for ten well known railroad bonds.

20-Rail Average Charts.

Where can I get a chart of the average price of 20 railway stocks for the year 1910?—T. B.

These averages during the year 1910 down to date are included in the monthly "Drift of the Market." We can enter your subscription for this monthly publication beginning with January, 1910. This will give you the back numbers so that you will have the fluctuations of these averages complete. "Drift of the Market" costs $1.50 a year.

Time for Paying Call Loans.

When a call loan is called, how much time is given the borrower to make good?—C. P.

In New York the custom prevails for parties to demand loans who wish either to call the loan in or to pay it off, to give notice to that effect before 1 o'clock P. M. on any day except Saturday, and for payment to be made before 2.15 P. M. that same day. It is not customary to call loans on Saturday, Friday loans carrying over until Monday.

Who Is Stockholder?

Are traders on margin considered as outstanding stockholders?—W. B.

When stocks are bought on margin, the certificate stands in the name of the broker, unless afterwards taken up by the purchaser for cash. The broker is the stockholder and you are one by proxy. "Outstanding" stock is a term which distinguishes between the amount authorized and the amount issued (or "outstanding").

Number of Stockholders.

How can one obtain the number of stockholders of railroad and industrial companies?—C. B. M.

Many companies issue from time to time a statement of the number of stockholders on a given date. Where such statements have been issued, you can obtain copies by writing the secretary of the company. This information cannot be obtained, however, in regard to all companies. *The Journal of Commerce*, New York, publishes this information for lists of stocks from time to time.

Monthly Gold Production.

W. C.—We do not think reliable figures of the world's monthly gold production can be obtained. This total is estimated yearly. The production of gold at the Rand mines is made public monthly, but of course this is only a part of the total. There is very little benefit to be derived from a study of the monthly production of gold, as it takes several years for an increase or decrease in the world's gold production to have any perceptible effect on prices. A yearly total will doubtless give you what you need.

Figures on Steel Business.

What is the best method of obtaining reliable figures on the steel business in America? —B. M., England.

There are no reliable statistics on the steel business in the United States, considered as a whole, except the monthly production of pig iron and the United States Steel Company's unfilled tonnage, both of which are given in our Essential Statistics. In the Investment Digest under U. S. Steel you will generally find additional facts of interest in regard to the steel business. Of course the general condition of the steel business is given weekly in the New York *Times*, *The Journal of Commerce* and other publications. These reports are reliable in a general way, but do not present exact figures.

Liberal Margin is a Good Introduction.

Is it not necessary to be introduced by a person known to a broker in order to speculate on margin?—J. W.

Most American brokerage houses are ready to accept orders from strangers providing a suitable cash deposit is made as security. However, some houses prefer to do business only for persons who are in some way known to them. Members of the London Stock Exchange are much more particular in this respect.

Earnings on Denver Common.

M. P.—In reckoning the earnings applicable to Denver & Rio Grande common, you have evidently overlooked the dividend on the preferred stock. The full definition of the rating "C" in the table in the March Ticker, as applied to the common stock of a railroad which also has preferred stock, would be "but slight margin in surplus above the amount required for interest on bonds and preferred stock." You will notice that the preferred stock is given in the table and accorded a rating of "B." We think if you will figure the earnings in this way, you will find no great discrepancy between the rating in the table and the present condition of the stock.

Too Much Gossip.

Can you tell me a brokerage house where I can read the tape without being continually annoyed by foolish gossip and unsolicited opinions on the market?—R. B.

It is almost impossible to find a ticker in a brokerage house in Wall Street where there are not several people who are given to the voicing of their opinions. If your commissions warrant it, perhaps a broker would put in a separate ticker for you in a quiet corner of the office where you could not hear what was going on at the other tickers. This ticker would cost $20 per month, and of course the broker must see a profit in the enterprise.

Getting Ticker Service.

J. G.—A ticker at your office would undoubtedly be preferable to the customer's room of the average brokerage house. We think you will have no difficulty in arrranging for ticker service in Cincinnati. The rule in New York is that the application for the ticker must be endorsed by a broker who is a member of the New York Stock Exchange. We are not certain, however, what the rules are in Cincinnati. You can get information on this subject from the Western Union Telegraph Company.

Learning Tape Reading.

Do you believe that a man, from a book or a set of books, could learn enough about tape reading to eventually become a successful trader? If so, will you please recommend to me the books that in your opinion will be necessary?—W. F.

The only book ever written on the subject is "Studies in Tape Reading," by "Rollo Tape," price $3.06 postpaid. This book, with the references it makes to other publications, will give you everything that has been put into print regarding the subject. There may be a lot of other people who are carrying around in their heads ideas on tape reading, but they have never come forward and given these ideas to the public.

After thoroughly digesting this book and the other publications to which it refers, you would need to spend considerable time in the actual study of these indications as they appear on the tape.

Loaning Rates.

What is meant by the loaning rates on stocks as given in financial papers?—W. B.

The loaning rates indicate the rate of interest which is paid on the money received by brokers who loan stocks to other brokers.

When one brokerage house is short of Union Pacific, for example, it borrows the stock certificates from another broker who has them on hand, and delivers these certificates to the purchaser. When the certificates are borrowed, the broker who borrows them gives the lender a check for the market value of the certificates. This money is retained by the lender of the certificates until the certificates are again returned to him, and he pays on this money the rate of interest indicated in the table of loaning rates as printed in financial papers.

The broker who has certificates on hand is very glad to lend them in this way, as he secures the use of their value in money, which is deposited with him, at a comparatively low rate of interest.

Interpretation of Daily Volumes.

I have read with interest the article in "Fourteen Methods of Operating in the Stock Market," entitled "The Study of Volumes," and not fully understanding one point, beg to ask what columns in the daily stock quotations are used in obtaining the average gain or loss for the day of the ten active and influential railroad stocks. I

have been using the "Opening" and the "Closing" columns; is that correct?—B. W.

Closing prices for each date are used in obtaining the gain or loss for the day. That is, you compare the close each day with the close for the preceding day. Your inferences are correct, but you will find it necessary to study the market for some months before getting a working knowledge of these principles. As a rule, indications from volumes are of but little value unless the total transactions for the day amount to 500,000 shares or over. In narrow markets, where the volume of trade is less than 500,000 shares, prices are made by the transactions of professional traders, and often for merely scalping profits. It is not until the public or the big interests are in the market that the volumes can be interpreted with any degree of certainty.

"Money in Circulation."

I would be obliged if you would enlighten me on a statement you made in the May, 1910, issue in your comments on Essential Statistics, namely: "Money in circulation *per capita* has an important effect on the general level of prices." This statement I understand, but you state, "An increase in the amount of money in circulation enables the banks to hold larger reserves and thus to increase credit accommodation."

I would have thought this to be just the reverse of things—when money flows into the banks from circulation, that is the time the banks increase credits. When prices are high and money in active circulation, one usually looks for a contraction of credits. Is this not so? Perhaps you will explain.—E. A.

The term "money in circulation *per capita*," as used in our Essential Statistics, and in other American statistical compilations, includes all cash or currency in the United States outside of that held in the Government treasury. It includes all cash or currency in banks and in circulation among the people. Therefore, an increase in the amount of money in circulation *per capita* means that, other things being equal, both the people and the banks have more cash on hand, and the larger reserves thus held by the banks enable them to increase credit accommodations. When there is an increase in the *proportion* of money circulating among the people, outside the banks, this would, as you say, operate to restrict the extension of credit by the banks.

Books for Broker's Clerk.

I am a clerk in the employ of a brokerage house. I feel that there is a whole lot for me to learn, so am writing to ask you to make a few suggestions as to what books to read, or course to pursue, in order to become thoroughly acquainted with all the details not only of the bookkeeping part of the business, but with the entire business itself.

I am particularly anxious to learn in its entirety the workings of the clearing house, foreign exchange, puts and calls, etc.—J. P.

Write Roger W. Babson, Wellesley Hills, Mass., in regard to correspondence courses of this kind. For other books see advertising pages of The Ticker. We think you will get more and better information from the bound volumes of The Ticker than from any other source. The inquiry column from month to month will be especially valuable to you, as a great many technical points are covered in it. Horace White's Money and Banking, Woodlock's Anatomy of a Railroad Report, Babson's Business Barometers, Gibson's Cycles of Speculation and Burton's Crises & Depressions are books that would be very useful to you. Also Clearinghouses, by Jas. G. Cannon.

Puts and Calls for Beginner.

I wish to do a little conservative trading in the stock market. Would you advise me to limit my risk by using puts and calls?—W. D.

See October Ticker, page 282. Trading in the stock market with a view to catch the short turns of five or ten points in the most active stocks is really a business in itself, and requires a good deal of skill and intimate knowledge of the market in order to achieve permanent success. Puts and Calls would aid you in limiting your risk, and after you have had more experience you will, at times, be able to use these privileges with excellent results. Would also suggest limiting your risk by stop loss orders.

We would recommend that you begin by using margin equal to at least half the value of the stocks you trade in, whether on the long or short side. In fact, you can hardly make your trades too small until you have studied practical methods of trading and have gained the necessary experience and knowledge of the markets.

Grain and Cotton—Warehouse Charges.

(1) What is the normal day's movement in cotton, wheat and corn? (2) Is it not better to operate in cotton and grain through a house near at hand than to trade at a distance with a house in New York? (3) Does the trader in grain have to pay warehouse charges? If not, who pays them? I get more wholesome information through The Ticker than through any other financial publication.—R. M.

(1) It would be difficult to state what is the normal day's movement in any speculative stock or commodity, because the conditions of the market change so greatly from month to month and from year to year. Fluctuations in cotton have recently been very wide; those in wheat and corn have been moderate. During the Leiter deal in wheat, on the other hand, the price sometimes fluctuated ten or even twenty cents a bushel in one day.

(2) It would be more convenient for you to trade with a broker in your own city.

(3) The warehouse charges on grain are covered by the difference in price between

the different options. For example, May wheat will, other conditions being equal, sell at a price enough higher than December wheat to cover the warehouse charges from December to May; that is, there is a premium on distant futures equal to about enough to cover warehouse charges until the date when the option matures. Of course this premium may be nullified by speculative conditions. For example, if wheat is scarce in May, but there is a prospect of a very large crop, a good part of which will be on the market by September, the September option may sell lower than the May option; but it includes the warehouse charges just the same, no matter at what price it may sell.

Form of Orders in Reading—Stop Orders.

(1) When ordering to buy or sell Reading, if the order reads "Buy 100 Reading," would this be 100 $50 par value shares, or 200 $50 shares to make the equivalent of 100 $100 shares?

(2) Supposing one wishes to place an order to sell short at 100 (for example), intending to reverse his position in the market in case the stock goes to 102; that is, buy in his short order and take on another hundred shares; would the order read, "Short 100 shares at 100, buy 200, 102 stop"?

(3) Am I right in understanding that any order is good only on the day in which it is placed? Would not placing "stop" after the order make it indefinite as to time of executing the order? What is the customary way in telegraphing an order to make the order read good until executed? —J. P.

(1) "Buy 100 Reading" means 100 shares of $50 par value each. However, to avoid any possibility of misunderstanding, it is well to give the order, "Buy 50 full Reading."

(2) Better "Sell 100 X Y Z at 100; buy 200 at 102 stop." Your broker will see from his books whether or not your trade is a short sale.

(3) The general custom among brokers is to consider all orders good for the day only, unless otherwise specified. As to stop orders, these are usually considered good until countermanded, unless otherwise specified. However, it is better, in placing a stop order which you wish to remain open until you give further instructions, to make the order read, for example, "Sell 100 X Y Z 150 stop g. t. c." This means "good until countermanded or executed," and avoids any possibility of misunderstanding.

Trouble with Pseudo-Broker.

What redress, if any, has the client of a pseudo-brokerage house, which has pretended to purchase shares, on which a margin and interest on the putative balance have been paid, and later this balance has been tendered (over the 'phone by a bank) and the certificates demanded, in reply to which a promise and much stalling is the only satisfaction received? Also, how long is considered a reasonable time for a customer to wait for his check?—F. C.

If your "pseudo" broker declines to deliver to you the certificates of stock you have bought through him, you should, after allowing him a reasonable time in which to secure the certificates, place the matter in the hands of your lawyer.

A reasonable time to wait for your check, after your trades have been closed out and you have a balance to your credit, would be about ten minutes, or time enough for the check to be filled out and signed.

If you have reason to believe that your broker has not executed your orders in the market, although you placed the orders in the belief that the broker was doing a legitimate business and that the orders would be so executed, we would suggest that you state to him that you will at once take the matter into court and that you will bring to the attention of the District Attorney whatever information you have which indicates that your orders were not executed. You are warranted in taking a strong position in these matters, as it is the business of the broker to handle all your business promptly and accurately, to deliver to you your certificates as soon as they can be obtained and give you check for your balance on demand.

Next time trade with a real broker.

Figuring Earnings on Stock.

H. C. H.—The best way to find the surplus for dividends earned by a railroad company is to start with the last annual report. We sent you a leaf from the Investor's Pocket Manual. You will notice that the balance for dividends for each of the past five years is given, also the amount of capital stock outstanding. By dividing the balance for the dividends by the number of shares outstanding, you easily arrive at the per cent. earned on the stock.

You will notice also that the Pocket Manual gives the current earnings for the part of the railroad's fiscal year which has already passed, and the increase or decrease as compared with the same months for the preceding fiscal year. This enables you to arrive at the net earnings for a period of twelve months down to the latest earnings available. For example, the balance for dividends of the Northern Pacific Ry. for the fiscal year ending June 30, 1909, was $21,639,000. For the seven months ending Jan. 31, 1910, there was a decrease in net earnings of $1,343,000 as compared with the net earnings for the corresponding months of the preceding year. Evidently, then, the net earnings of the Northern Pacific for the twelve months ending January 31, 1910, were equal to $21,639,000, less $1,343,000. Dividing this by the capital stock, you get the per cent. earned on the stock for the twelve months ending January 31st.

Of course, all this is done for you in The Ticker's "Bargain Indicator."

Investment for Profit as Well as Interest.

I am not familiar with stock dealings, having recently retired from wholesale mercantile business in which I was successful. I have a sum of money coming in shortly and I would like to invest it in stocks such as are listed in the New York Stock Exchange and paying dividends. I mean to buy outright when prices seem low and hold for the long pull. My idea would be to deal through a reliable bank in Washington, D. C., having them make all purchases and sales through their broker. I do not have the knowledge or courage to buy on margin. (1) What would be the best book or books for me to read? (2) In what class of stocks would you recommend me to invest? (3) Do you regard such investments as safe as real estate?—J. H.

(1) In addition to the books you have already ordered we would suggest Roger W. Babson's "Business Barometers," Theo. Burton's "Crises and Depressions," Henry Hall's "How Money Is Made in Security Investments." The prices of these books are $2.12, $1.52, $1.61, respectively, all postpaid. (2) We would favor distributing your investment among a number of standard railroad and industrial preferred stocks. See article in the October TICKER on the "Distribution of Investments." (3) We certainly think it is a safe proposition to buy high grade stocks in panics or after a big decline, paying for them in full. We see no reason why such an investment is not fully as safe as an investment in real estate. Personally, we would feel much safer.

Book Reviews

An American Transportation System. By Geo. A. Rankin. (Putnam.) For sale by Ticker Pub. Co., price $1.62, postpaid. 479 pp., cloth.

This book has the subtitle "A Criticism of the Past and the Present and a Plan for the Future." This is an ambitious program, but the book gives evidence that Mr. Rankin has made a conscientious study of the matter and his conclusions are worthy of consideration. Part I. discusses "The Wrong in Our Transportation System"; Part II., "Legislative Attempts to Correct Wrongs," and Part III., "A Suggested Constitutional Amendment." The safety, adequacy, economy, capitalization, rates, etc., of American railways are examined in turn, with several chapters devoted to railway securities in their various aspects.

The Law Relating to Securities Carried on Margin. By Douglas Campbell. Price 55 cents, postpaid. For sale by Ticker Pub. Co.

Contents: Chapter A.—On the purchase of securities on margin.—The necessity of giving notice. What is reasonable notice. The service of the notice. The damages. When the broker may close the transaction. Whether the broker may pledge the securities carried on margin. The redemption of securities by the customer when the broker fails. The title to securities that have been converted or stolen, and liabilities in connection with the transfer thereof.

Chapter B.—On the sale of securities on margin.—The necessity of giving notice. What is reasonable notice? The service of the notice. The damages. When the broker may close the transaction. Whether a loss incurred in borrowing stock to deliver falls on the broker or on the customer.

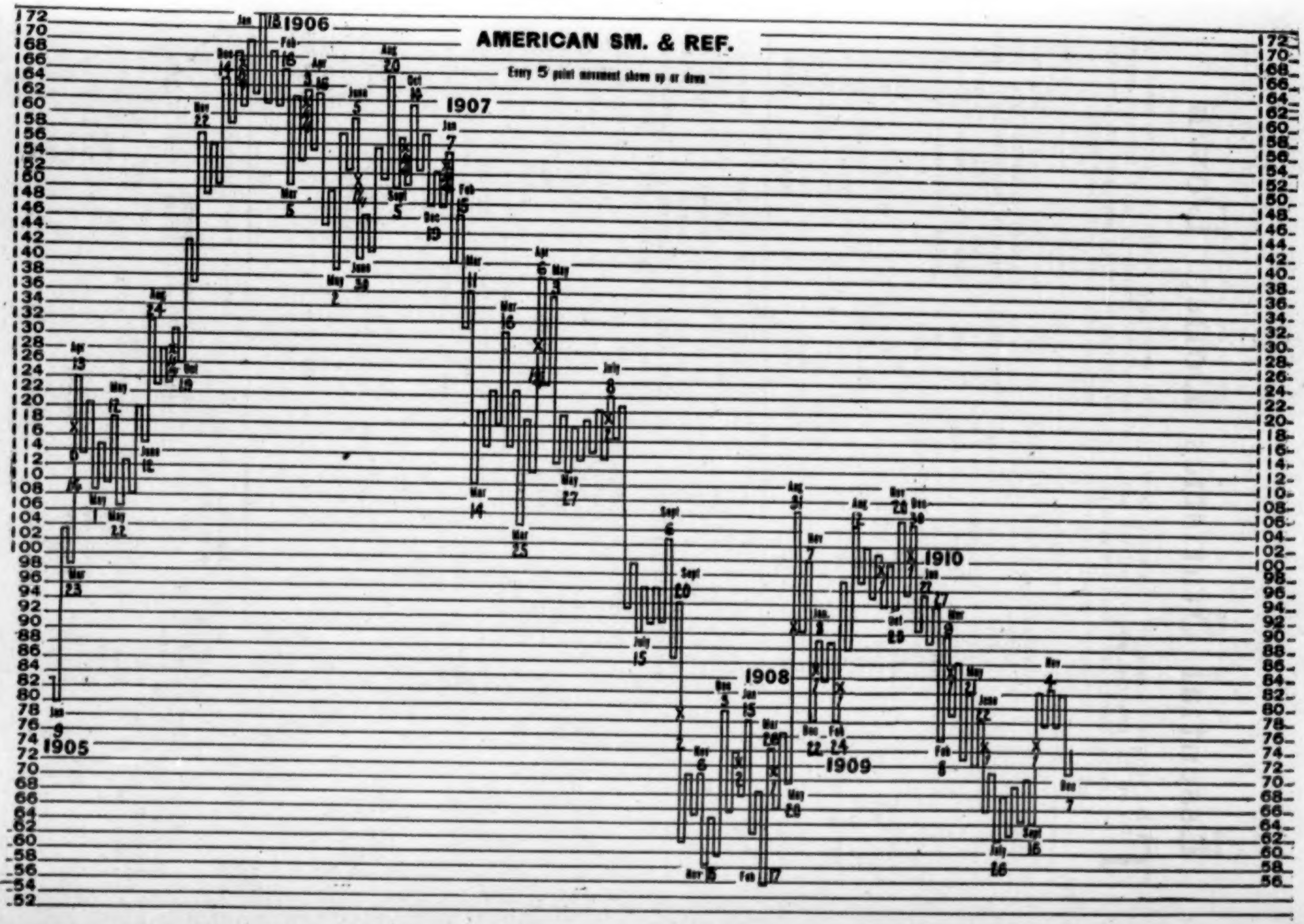
Chapter C.—A special agreement between the parties.

Comtelburo Business Calendar, 1911. About 344 pp., crown 4to, cloth. Price $1.70, postpaid. (Comtelburo, Limited, London, and 16 Beaver St., New York.)

Contents: The World's Business Holidays for Every Day of the Year, The World's Commodities and Their Usual Form of Quotation, The World's Business Hours of Attendance, The World's Exchange Rates with Explanatory Formulas, The World's Money with Equivalents in the Principal Coinages, The World's Weights and Measures with British and Metric Equivalents, The World's Principal Weights and Comparative Tables, The World's Differences in Time, The World's Sowing and Harvest Times, The World's Cable and Telegram Tariff, 106 pages of Diary Space, etc.

Finance Forum Opens

THE first session of the Y. M. C. A. Finance Forum was held at the West Side Auditorium, 318 West 57th street, New York City, December 7, 1910. Sessions will be held every Wednesday evening until May 17, 1911, from 8 until 10 o'clock. The list of lecturers includes fifty-five prominent financiers and business men, among whom are the following: Nelson W. Aldrich, Roger W. Babson, August Belmont, James G. Cannon, Henry Clews, Charles A. Conant, George B. Cortelyou, Elbert H. Gary, John Hays Hammond, Otto H. Kahn, Darwin P. Kingsley, G. Hermann Kinnicutt, Victor Morawetz, Alexander D. Noyes, George W. Perkins, Sereno S. Pratt, William A. Prendergast, Charles A. Prouty, Edwin R. A. Seligman, William Sherer, Theodore P. Shonts.



AMERICAN SM. & REF.
Every 5 point movement shows up or down
1905
1906
1907
1908
1909
1910

Essential Statistics Boiled Down

THE figures below give a complete view of the financial and industrial situation. Under each head we give figures for the *latest* month available, for the preceding month (in some cases the preceding *two* months), and for the month corresponding to *latest figures* in each column, for each of the four preceding years.

	Average Money Rate Prime Commercial Paper New York.	Average Money Rate European Banks	Per Cent. Cash to Deposits, New York Clearing-house Banks.	Per Cent. Loans to Deposits, New York Clearing-house Banks.	Per Cent. Cash to Deposits, All National Banks.	Per Cent. Loans to Deposits, All National Banks.	Money in Circulation Per Capita First of Month.
Dec., 1910	4⅞	4¼	25.8	103.3	....	.....	$35.10
Nov., 1910	5⅝	4⅜	26.0	102.8	15.4	103.6	35.01
Oct., 1910	5¾	4⅛	25.7	102.1	....	.....	34.88
Corres'g mo., '09..	5¾	4¼	25.8	101.9	15.7	101.4	34.98
" " '08..	4¼	3	26.2	95.6	17.9	103.7	35.39
" " '07..	8	6	21.7	109.7	15.8	110.7	34.71
" " '06..	6¼	5⅛	25.0	105.7	14.8	103.0	33.66

	New Securities Listed N. Y. Stock Exchange (000 omitted)	Bank Clearings of U. S. (000 omitted)	Bank Clearings of U. S. Excluding N. Y. City. (000 omitted)	Balance of Gold Movements —Imports or Exports. (000 omitted)	Balance of Trade Imps. or Exports. (000 omitted)
Nov., 1910	$96,828	$13,595,259	$5,780,965	....	Ex. $75,993
Oct., 1910	115,219	13,787,794	5,833,705	Im. $3,496	Ex. 84,189
Corres'g mo., '09...	106,324	14,758,582	5,695,006	Ex. 2,345	Ex. 53,723
" " '08...	13,218	12,975,829	4,784,806	Im. 1,833	Ex. 57,789
" " '07...	195,670	9,679,735	4,178,993	Im. 796	Ex. 93,521
" " '06...	95,755	13,633,923	5,048,052	Im. 20,176	Ex. 62,899

	Bradst's Index of Commodity Pcs.	Gibson's Index Cost of Living.	Wholesale Price of Pig Iron.	Produc'n of Pig Iron (in Tons).	Price of Copper (Cents).	Production of Copper (Lbs.)	U. S. Steel Co.'s Unfilled Tonnage.
Dec., 1910	$8.79	109.0	$15.72	.....	12.7	....	....
Nov., 1910	8.88	109.1	15.91	1,909	12.7	119,353,000	2,760,413*
Oct., 1910	8.92	111.6	15.88	2,093	12.5	126,469,000	2,871,949*
Corres'g mo., '09.	9.12	114.6	18.75*	2,547	13.2	121,618,000	5,927,031†
" " '08.	8.21	104.7	17.25	1,577	14.1	....	3,603,527†
" " '07.	8.52	103.8	18.94	1,828	13.2	....	4,642,553†
" " '06.	8.90	.....	26.50	2,187	22.8	....	8,489,718†

* Close of mo. named. † Dec. 31.

	Net Surplus of Idle Cars.	Building Operations, Twenty Cities.	Business Failures, Total Liabilities.	Crop Conditions. Winter Wheat.	Spring Wheat.	Corn.	Cotton.
Dec., 1910	44,014	....	....	82.5	*	*	....
Nov., 1910	28,393	$42,831,000	$11,324,000	.....	....	....	....
Oct., 1910	7,235	41,368,000	18,977,000	....	....	80.3	....
Corres'g mo., '09.	12,032	38,063,000	9,812,000	95.8	....	72.8	....
" " '08.	123,619	43,627,000	12,599,000	85.3	....	77.8	....
" " '07.	....	23,081,000	17,637,000	91.1	....	78.0	....
" " '06	....	39,656,000	11,980,000	94.1	....	90.1	....

* Final Gov. estimate 1910 crops: Total wheat, 695,443,000 bu.; 1909, 737,189,000. Corn. 3,125,713,000 bu.; 1909, 2,772,276,000. Oats, 1,126,765,000 bu.; 1909, 1,007,353,000.

The Market Outlook

By G. C. SELDEN

WEEKLY high and low for the average price of 20 standard railways (continuing the table given in last month's TICKER) are as follows, for weeks ending on the dates given:

	Nov. 26	Dec. 3	Dec. 10	Dec. 17
High ...	116.50	114.68	113.20	113.63
Low ...	116.11	112.01	111.33	112.63

The following figure chart completes the chart on page 108 of the July TICKER down to date given:

Jun. 22					Aug. 17			Oct. 20		Dec. 20
119										
118	118							118		
117	117							117	117	
116	116							116	116	
115	115				115			115	115	
	114				114	114		114	114	114
	113	113			113	113		113	113	113
	112	112	112		112	112	112	112	112	
	111		111		111	111	111			
			110	110	110					
			109	109	109					
			108	108						
			107	107						
			106							
			July 27							

The advance before election carried the averages to 118.44 and on the post-election break they fell to 115.02. A rally to 116.79 followed, and the market came practically to a standstill around the figure 116. For fifteen sessions it did not vary one point from that figure. The decline was then renewed, but on December 7 and 8 the market showed signs of becoming oversold and a quick rally resulted, aided by the decision of the District Court in the Anthracite Coal Roads case. On the advance the volume of business quickly declined and at this writing it is down to about 300,000 shares a day, which compares with 900,000 shares reached on the decline of December 2.

So far as these indications go, one would say that the recent advances have been rallies in a bear market. At 118.44 the market had failed to recover half its decline from the high point of 1909, and its subsequent break to 111.33 seems to us like a greater degree of weakness than would be likely to be experienced if a new bull movement were under way. If we should have a renewed decline to 111 or below, we would consider it a further bearish indication; and if we are now really embarked upon another downward movement, the averages should not, theoretically, again reach 117.

This discussion of averages and volumes will seem like nonsense to many of our readers. Certainly we have no idea of claiming that such indications are infallible or that they are in any way superior to or independent of fundamental conditions; but we think the more one studies the technical features of the market the more he will conclude that such reasoning has a sound basis in common sense and is often helpful in giving the investor an impartial bird's eye view of the situation.

Favorable developments.—Turning to the factors that make prices, as distinguished from the movements that merely indicate tendencies, there have been a number of favorable developments during the past month, and it is really surprising that the market gives so little evidence of either investment or speculative demand. Among these favorable features may be mentioned the increasing ease of money, the considerable increase in the deposits of all national banks in the United States as shown by the Comptroller's call for the condition as of November 10, the peaceable tone of President Taft's message to Congress, the large merchandise exports during the past three months, the low rate of exchange, making moderate gold imports a reasonable possibility, the small amount of stocks now held by commission houses on margin, and the approach of the January 1st dividend day, which gives holders of securities larger sums for reinvestment than at any other period of the year.

This is an important collection of bullish items, and it is not to be wondered at that the bulls have been much disgusted to see leading speculative stocks decline ten or twelve dollars a share in the face of such developments.

It is to be assumed that the advance before election was discounting the above factors instead of the triumph of the Democrats—a theory which was really absurd on the face of it. The strange thing is that the public, traders and investors alike, should have absolutely refused to come in on advancing prices, so that the bull interests, having marched up the hill, could no nothing but turn around and march down again, probably without any important change in the final condition of their bank accounts.

Underlying forces.—The explanation is probably to be found in the point of view touched upon in the Market Outlook last month—that underlying forces, rather than current events, are quietly making themselves felt in the market. The trouble seems to lie in a sort of paralysis of the buying power of the public. Whether this paralysis is due to lack of money with which to buy, or to a general feeling of caution and doubt caused by political and economic conditions, does not so much matter so far as the effect on the market is concerned. We cannot have a sustained advance without the support of the public, either at this level of prices or later at a higher level.

Prices of commodities.—We notice Byron Holt thinks that the level of commodity

prices will not be likely to fall further, but that prices will be held up by the increase in the supply of gold, while the decline will come in the profits of business men and in the savings of the people owing to increased expenses as compared with income. This is a not unreasonable view and demands examination.

During our decade of great prosperity, 1898-1907, we imported an average of about $35,000,000 a year in gold. This represented the final balancing of the books—the settling of our annual business with foreign countries. It may safely be assumed that this is not far from the normal amount of gold we should import annually under prosperous conditions of business.

During the last three years, however, we have exported on balance an average of about $40,000,000 a year. In the final yearly settlements we have been cash out of pocket, so to speak, $225,000,000 for the three years, as compared with the normal movement indicated by the previous ten years. To maintain the conditions of the previous ten years, we should have sold to foreigners $225,000,000 more goods than we actually did sell them. And to restore and maintain normally prosperous conditions we must now sell more goods abroad.

It is true we may sell our securities instead of goods. We have been doing this in 1910 and this fact has kept our adverse gold movement for the year down to about $6,000,000 so far. But for every $100,000,000 of securities we sell abroad, we are increasing our permanent interest charges about $5,000,000. Moreover, on rising prices many of these securities would be sold back to us. Sales of our products are permanent, but sales of stocks and bonds may not prove so.

A man can't keep on paying out more cash than he takes in and neither can a nation. We have got to sell more or buy less, or both. Our imports are not as yet falling off to any great extent. Our exports this fall have been abnormally swollen by the early movement of the cotton crop.

There are three ways in which this general condition may be corrected: (1) We may put down the prices of our products, and thus make our country a more favorable market to buy in and a less favorable one to sell in; (2) foreign prices may rise enough to accomplish the same result from the opposite side; (3) we may lower the prices of our securities and continue to sell them abroad—mortgaging the future for the present.

We are inclined to believe that all three of these methods may come into play in 1911. But if commodity prices in foreign countries should rise enough to swell our exports and check our imports, Mr. Holt's view may prove correct, and our own commodity prices may remain around the present level.

Unfavorable considerations.—The low per cent of cash to deposits of all national banks, the excess of loans over deposits in New York City, the poor condition in which the new wheat crop goes into the winter, the slowly decreasing activity of general trade throughout the country, and the uncertainties in regard to the decision of the Interstate Commerce Commission on railroad rates and of the Supreme Court on the Standard Oil and American Tobacco cases, must all be counted as against prices. Yet it seems to us that the real reason for the disappointing behavior of the market is to be found in still deeper conditions—the inability of the people to buy stocks because of the high cost of living, lessened profits, extravagance on the part of the well-to-do, and excessive importation of foreign goods. In fact, the banking and trade conditions above mentioned are to a great extent a reflection of these more fundamental factors. The doubt and caution resulting from political and legal uncertainties is especially important because of the wealth and controlling position of the men who entertain these feelings.

Summary.—Superficial sentiment seems bullish, for reasons above outlined. The "student class," as it might be called, is mostly bearish. As far as our personal opinions go, we have as yet been unable to convince ourselves that recent advances in stocks are anything more than rallies in a bear market. The bond market ought to do relatively better than stocks because bonds represent an assured income in a time of some doubt and indecision.

Dec. 23, 1910.